FIFTY-SIXTH DAY

St. Paul, Minnesota, Tuesday, May 11, 1993

The Senate met at 9:30 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Pat Piper.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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.

May 7, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 44, 240, 561, 699, 754, 840, 913, 1006, 1602 and 487.

Warmest regards,
Arne H. Carlson, Governor

May 10, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	977	95	2:42 p.m. May 7	May 7
	522	96	2:41 p.m. May 7	May 7
913		97	2:50 p.m. May 7	May 7
561		98	2:47 p.m. May 7	May 7
699		99	2:46 p.m. May 7	May 7
1602		100	2:54 p.m. May 7	May 7
754		101	2:48 p.m. May 7	May 7
840		102	2:49 p.m. May 7	May 7
1006		103	2:51 p.m. May 7	May 7
240		105	2:45 p.m. May 7	May 7
	139	106	2:40 p.m. May 7	May 7
487		107	3:20 p.m. May 7	May 7
44		108	2:44 p.m. May 7	May 7

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 739, 639 and 1087.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

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. 1380: A bill for an act relating to commerce; regulating heavy and utility equipment dealership agreements; including truck parts within the scope of coverage; defining terms; amending Minnesota Statutes 1992, section 325E.068, subdivision 2, and by adding subdivisions.

Senate File No. 1380 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Janezich moved that the Senate concur in the amendments by the House to S.F. No. 1380 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1380 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	Cohen	Kiscaden	McGowan	Price
Anderson	Day	Knutson	Merriam	Ranum
Belanger	Dille	Krentz	Metzen	Reichgott
Benson, D.D.	Finn	Kroening	Moe, R.D.	Robertson
Benson, J.E.	Flynn	Laidig	Mondale	Runbeck
Berg	Hottinger	Langseth	Morse	Sams
Berglin	Janezich	Larson	Murphy	Spear
Bertram	Johnson, D.E.	Lesewski	Oliver	Stevens
Betzold	Johnson, D.J.	Lessard	Pariseau	Stumpf
Chandler	Johnson, J.B.	Luther	Piper	Vickerman
Chmielewski	Johnston	Marty	Pogemiller	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

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

S.F. No. 490: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Washington county to the city of Oakdale.

Senate File No. 490 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Price moved that the Senate concur in the amendments by the House to S.F. No. 490 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 490: A bill for an act relating to state lands; authorizing the sale of

certain tax-forfeited land that borders public water in Washington county to the city of Oakdale; authorizing the conveyance of an easement across department of natural resources-fisheries land.

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	Dille	Krentz	Mondale	Riveness
Anderson	Finn	Laidig	Morse	Robertson
Belanger	Flynn	Langseth	Murphy	Runbeck
Benson, D.D.	Hanson	Larson	Neuville	Sams
Berg	Hottinger	Lesewski	Oliver	Samuelson
Berglin	Janezich	Lessard	Olson	Spear
Bertram	Johnson, D.E.	Luther	Pariseau	Stevens
Betzold	Johnson, D.J.	Marty	Piper	Stumpf
Chandler	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chmielewski	Johnston	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener
Day	Knutson	Moe, R.D.	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. 174: A bill for an act relating to commerce; regulating facsimile transmission of unsolicited advertising materials; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325E.

Senate File No. 174 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 174 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 174 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	Day	Knutson	Moe, R.D.	Reichgott
Anderson	Dille	Krentz	Mondale	Riveness
Belanger	Finn	Laidig	Morse	Robertson
Benson, D.D.	Flynn	Langseth	Murphy	Runbeck
Benson, J.E.	Hanson	Larson	Neuville	Sams
Berg	Hottinger	Lesewski	Oliver	Samuelson
Berglin	Janezich	Lessard	Olson	Spear
Bertram	Johnson, D.E.	Luther	Pariseau	Stevens
Betzold	Johnson, D.J.	Marty	Piper	Stumpf
Chandler	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chmielewski	Johnston	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener

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. 464: A bill for an act relating to game and fish; color of outer clothing required in firearms deer zones; amending Minnesota Statutes 1992, section 97B.071.

Senate File No. 464 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Sams moved that the Senate concur in the amendments by the House to S.F. No. 464 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 464 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Langseth	Murphy	Runbeck
Anderson	Hanson	Larson	Neuville	Sams
Belanger	Janezich	Lesewski	Oliver	Samuelson
Benson, J.E.	Johnson, D.E.	Lessard	Olson	Spear
Berglin	Johnson, D.J.	Luther	Pariseau	Stevens
Bertram	Johnson, J.B.	Marty	Piper	Stumpf
Betzold	Johnston	McGowan	Pogemiller	Terwilliger
Chandler	Kiscaden	Merriam	Price	Wiener
Cohen	Knutson	Metzen	Ranum	
Day	Krentz	Moe, R.D.	Reichgott	
Dille	Kroening	Mondale	Riveness	
Finn	Laidig	Morse	Robertson	

Those who voted in the negative were:

Benson, D.D. Berg Chmielewski Frederickson 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. 694: A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

Senate File No. 694 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

Mr. Marty moved that the Senate do not concur in the amendments by the House to S.F. No. 694, 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. 1400: A bill for an act relating to Nobles and Murray counties; permitting the consolidation of the offices of auditor and treasurer.

Senate File No. 1400 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Vickerman 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 53 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Morse	Robertson
Anderson	Hanson	Langseth	Murphy	Runbeck
Belanger	Hottinger	Larson	Neuville	Samuelson
Benson, J.E.	Janezich	Lesewski	Oliver	Spear
Berg	Johnson, D.E.	Lessard	Olson	Stevens
Berglin	Johnson, D.J.	Luther	Pariseau	Stumpf
Betzold	Johnson, J.B.	Marty	Piper	Terwilliger
Chandler	Johnston	McGowan	Price	Vickerman
Chmielewski	Kiscaden	Metzen	Ranum	Wiener
Cohen	Knutson	Moe, R.D.	Reichgott	
Day	Krentz	Mondale	Riveness	

Those who voted in the negative were:

Benson, D.D.	Dille	Frederickson	Merriam	Sams
Bertram	Finn	Laidig		

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. 361: A bill for an act relating to public safety; extending existence of Minnesota advisory council on fire protection systems; amending Minnesota Statutes 1992, section 299M.02, subdivision 1.

Senate File No. 361 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Murphy moved that the Senate concur in the amendments by the House to S.F. No. 361 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 361: A bill for an act relating to public safety; extending existence of Minnesota advisory council on fire protection systems; providing for gender balance on the council; amending Minnesota Statutes 1992, section 299M.02, subdivisions 1 and 2.

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

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

The roll was called, and there were yeas 49 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Krentz	Moe, R.D.	Riveness
Benson, D.D.	Finn	Kroening	Mondale	Runbeck
Berg	Flynn	Laidig	Morse	Sams
Berglin	Frederickson	Langseth	Murphy	Samuelson
Bertram	Hanson	Lessard	Novak	Spear
Betzold	Hottinger	Luther	Oliver	Stumpf
Chandler	Janezich	Marty	Piper	Terwilliger
Chmielewski	Johnson, D.J.	McGowan	Price	Vickerman
Cohen	Johnson, J.B.	Merriam	Ranum	Wiener
Day	Knutson	Metzen	Reichgott	

Those who voted in the negative were:

Adkins	Johnson, D.E.	Larson	Olson	Stevens
Belanger	Johnston	Lesewski	Pariseau	
Benson, J.E.	Kiscaden	Neuville	Robertson	

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. 273: A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

Senate File No. 273 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Knutson moved that the Senate concur in the amendments by the House to S.F. No. 273 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. 273, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a 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. 937: A bill for an act relating to retirement; benefit computation for members of the Bloomington police relief association; amending Minnesota Statutes 1992, sections 353B.07, subdivision 3; 353B.08, subdivision 6; and 353B.11, subdivisions 2, 3, 5, and 6.

Senate File No. 937 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

CONCURRENCE AND REPASSAGE

Mr. Riveness moved that the Senate concur in the amendments by the House to S.F. No. 937 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 937 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Mondale	Robertson
Anderson	Finn	Kroening	Morse	Runbeck
Belanger	Flynn	Laidig	Murphy	Sams
Benson, D.D.	Frederickson	Langseth	Neuville	Samuelson
Benson, J.E.	Hanson	Larson	Novak	Solon
Berg	Hottinger	Lesewski	Oliver	Spear
Berglin	Janezich	Lessard	Olson	Stevens
Bertram	Johnson, D.E.	Luther	Pariseau	Stumpf
Betzold	Johnson, D.J.	Marty	Piper	Terwilliger
Chandler	Johnson, J.B.	McGowan	Price	Vickerman
Chmielewski	Johnston	Merriam	Ranum	Wiener
Cohen	Kiscaden	Metzen	Reichgott	
Day	Knutson	Moe, R.D.	Riveness	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1149, 777 and 1529.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 10, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 1149: A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit;

amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 861, now on General Orders.

H.F. No. 777: A bill for an act relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports; amending Minnesota Statutes 1992, section 13C.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, section 13C.01, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 612, now on General Orders.

H.F. No. 1529: A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1, now on General Orders.

REPORTS OF COMMITTEES

Mr. Luther 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. 1499 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.
1499	1311				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1499 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1499 and insert the language after the enacting clause of S.F. No. 1311, the first engrossment; further, delete the title of H.F. No. 1499 and insert the title of S.F. No. 1311, the first engrossment.

And when so amended H.F. No. 1499 will be identical to S.F. No. 1311, and further recommends that H.F. No. 1499 be given its second reading and substituted for S.F. No. 1311, 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. 1138 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.
1138	908				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1138 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1138 and insert the language after the enacting clause of S.F. No. 908, the second engrossment; further, delete the title of H.F. No. 1138 and insert the title of S.F. No. 908, the second engrossment.

And when so amended H.F. No. 1138 will be identical to S.F. No. 908, and further recommends that H.F. No. 1138 be given its second reading and substituted for S.F. No. 908, 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. 1247 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.
1247	867				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1247 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1247 and insert the language after the enacting clause of S.F. No. 867, the fourth engrossment; further, delete the title of H.F. No. 1247 and insert the title of S.F. No. 867, the fourth engrossment.

And when so amended H.F. No. 1247 will be identical to S.F. No. 867, and further recommends that H.F. No. 1247 be given its second reading and substituted for S.F. No. 867, 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. Nos. 1499, 1138 and 1247 were read the second time.

MOTIONS AND RESOLUTIONS

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. 306: A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

Senate File No. 306 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 10, 1993

Mr. Metzen moved that the Senate do not concur in the amendments by the House to S.F. No. 306, 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. 546, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 546 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 8, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 546

A bill for an act relating to outdoor recreation; prohibiting motor sports areas within the Dorer Memorial Hardwood Forest without county and township board approval.

May 7, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 546, 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. 546 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [84.93] [LAND USE FOR CERTAIN VEHICLES RESTRICTED.]

After June 1, 1993, the commissioner may not allow the use of state lands or acquire private lands for development or operation of a motor sports area for use by all-terrain vehicles, motorcycles, or four-wheel drive trucks without legislative approval. This restriction does not apply to recreational trails.

Sec. 2. [89.025] [DORER MEMORIAL HARDWOOD FOREST; LAND USE RESTRICTED.]

After June 1, 1993, the commissioner may not allow the use of additional state forest lands within the boundaries of the Richard J. Dorer Memorial Hardwood State Forest for development or operation of a motor sports area for use by all-terrain vehicles, motorcycles, or four-wheel drive trucks without legislative approval. This restriction does not apply to recreational trails.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to outdoor recreation; requiring legislative approval of development or operation of motor sports areas by commissioner of natural resources; prohibiting motor sports areas within the Dorer Memorial Hardwood Forest; proposing coding for new law in Minnesota Statutes, chapters 84 and 89."

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

House Conferees: (Signed) Bob Waltman, Willard Munger, Sidney Pauly

Senate Conferees: (Signed) Steve L. Murphy, Steven Morse, Sheila M. Kiscaden

Mr. Murphy moved that the foregoing recommendations and Conference Committee Report on H.F. No. 546 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. 546 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Mondale	Robertson
Beckman	Finn	Kroening	Morse	Runbeck
Belanger	Flynn	Laidig	Murphy	Sams
Benson, D.D.	Frederickson	Langseth	Neuville	Samuelson
Berg	Hanson	Larson	Novak	Solon
Berglin	Hottinger	Lesewski	Oliver	Spear
Bertram	Johnson, D.E.	Lessard	Olson	Stevens
Betzold	Johnson, D.J.	Luther	Pariseau	Stumpf
Chandler	Johnson, J.B.	Marty	Piper	Terwilliger
Chmielewski	Johnston	McGowan	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	
Day	Knutson	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Anderson	Benson, J.E.	Merriam	Riveness	Wiener

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

House File No. 643 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 643

A bill for an act relating to commerce; making technical changes in the department's enforcement powers; regulating cosmetology; prescribing powers and duties; setting fees; amending Minnesota Statutes 1992, sections 45.011, subdivision 1, and by adding a subdivision; 45.027, subdivisions 1, 2, 5, 6, and 8; 155A.03, subdivision 1; 155A.05; 155A.06; 155A.07, subdivisions 2, 4, 7, and 8; 155A.08, subdivisions 2 and 5; 155A.09, subdivisions 2, 5, 6, and 9; 155A.10; 155A.14; 155A.15; and 155A.16; proposing coding for new law in Minnesota Statutes, chapter 155A; repealing Minnesota Statutes 1992, sections 155A.11; 155A.12; 155A.13; and 155A.18; Minnesota Rules, parts 2642.0310, subparts 3, 4, and 5; 2642.0330, subparts 3 and 4; 2642.0800; 2642.0810; 2644.0310, subparts 2, 3, and 4; 2644.0800; and 2644.0810.

May 5, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 643, 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) Darlene Luther, John J. Sarna, Robert Ness

Senate Conferees: (Signed) William V. Belanger, Jr., Sam G. Solon, James P. Metzen

Mr. Belanger moved that the foregoing recommendations and Conference Committee Report on H.F. No. 643 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. 643 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kiscaden	Merriam	Ranum
Beckman	Day	Knutson	Metzen	Reichgott
Belanger	Dille	Krentz	Moe, R.D.	Riveness
Benson, D.D.	Flynn	Kroening	Mondale	Samuelson
Benson, J.E.	Hanson	Laidig	Morse	Solon
Berg	Hottinger	Langseth	Murphy	Spear
Berglin	Janezich	Larson	Neuville	Stevens
Bertram	Johnson, D.E.	Lesewski	Novak	Terwilliger
Betzold	Johnson, J.B.	Lessard	Oliver	Vickerman
Chandler	Johnston	Luther	Piper	Wiener
Chmielewski	Kelly	Marty	Price	

Those who voted in the negative were:

Anderson	Olson	Robertson	Runbeck	Stumpf
Frederickson	Pariseau			

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1201 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1201

A bill for an act relating to health occupations and professions; board of psychology; extending deadline by which previously qualified persons may

file a declaration of intent to seek licensure as a licensed psychologist without further examination; requiring the board to issue notices of extension; modifying reciprocity licensing requirement; providing for disciplinary actions; consolidating and modifying enforcement remedies; providing penalties; amending Minnesota Statutes 1992, sections 103I.345, subdivision 1; 116.75; 116.76, subdivision 1; 116.77; 116.82, subdivision 3; 144.71, subdivision 1; 145A.07, subdivision 1; 148.89, by adding a subdivision; 148.905, subdivision 1; 148.921, subdivisions 2 and 3; 148.925, subdivision 1; 148.98; 326.37, subdivision 1; 327.16, subdivision 6; and 327.20, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 144; and 148; repealing Minnesota Statutes 1992, sections 103I.701; 103I.705; 116.83; 144.1211; 144.386, subdivision 4; 144.73, subdivisions 2, 3, and 4; 144.76; 148.95; 157.081; 326.43; 326.53, subdivision 2; 326.63; 326.78, subdivisions 4, 6, 7, and 8; 326.79; 326.80; 327.18; and 327.24, subdivisions 1 and 2.

May 7, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1201, 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. 1201 be further amended as follows:

Page 18, line 31, after "*fully*" insert "*and promptly*"

Page 19, line 1, delete everything after the period

Page 19, delete lines 2 to 8

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

Senate Conferees: (Signed) Harold R. "Skip" Finn, Don Betzold, Steve Dille

House Conferees: (Signed) Marc Asch, Thomas Pugh, Gregory M. Davids

Mr. Finn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1201 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. 1201 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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Reichgott
Anderson	Dille	Knutson	Mondale	Riveness
Beckman	Finn	Krentz	Morse	Robertson
Belanger	Flynn	Kroening	Murphy	Runbeck
Benson, D.D.	Frederickson	Langseth	Neuville	Sams
Benson, J.E.	Hanson	Larson	Novak	Samuelson
Berg	Hottinger	Lesewski	Oliver	Solon
Berglin	Janezich	Lessard	Olson	Spear
Bertram	Johnson, D.E.	Luther	Pariseau	Stevens
Betzold	Johnson, D.J.	Marty	Piper	Stumpf
Chandler	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chmielewski	Johnston	Merriam	Price	Vickerman
Cohen	Kelly	Metzen	Ranum	Wiener

So the bill, as amended by the Conference Committee, 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 H.F. No. 1021 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1021: A bill for an act relating to state lands; exempting certain lakeshore lots from sale requirements; authorizing the commissioner of natural resources to acquire personal property; amending Minnesota Statutes 1992, section 92.67, by adding a subdivision.

Mr. Merriam moved that the amendment made to H.F. No. 1021 by the Committee on Rules and Administration in the report adopted May 5, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1021 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Robertson
Anderson	Dille	Knutson	Mondale	Runbeck
Beckman	Finn	Krentz	Morse	Sams
Belanger	Flynn	Laidig	Murphy	Samuelson
Benson, D.D.	Frederickson	Langseth	Neuville	Solon
Benson, J.E.	Hanson	Larson	Novak	Spear
Berg	Hottinger	Lesewski	Oliver	Stevens
Berglin	Janezich	Lessard	Olson	Stumpf
Bertram	Johnson, D.E.	Luther	Piper	Terwilliger
Betzold	Johnson, D.J.	Marty	Pogemiller	Vickerman
Chandler	Johnson, J.B.	McGowan	Ranum	Wiener
Chmielewski	Johnston	Merriam	Reichgott	
Cohen	Kelly	Metzen	Riveness	

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. 795 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 795: A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

Mr. Larson moved to amend H.F. No. 795, as amended pursuant to Rule 49, adopted by the Senate April 14, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 742.)

Page 1, delete section 1

Page 2, line 10, delete everything before the period and insert "*used to transport children to school or to a school-sponsored activity*"

Page 2, line 12, delete "*Sections 1 and 2 are*" and insert "*Section 1 is*" and delete "*apply*" and insert "*applies*"

Renumber the sections in sequence

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Laidig	Neuville	Terwilliger
Benson, D.D.	Hanson	Larson	Oliver	Vickerman
Benson, J.E.	Johnson, D.E.	Lesewski	Olson	
Berg	Johnston	McGowan	Pariseau	
Day	Kiscaden	Merriam	Robertson	
Dille	Knutson	Murphy	Stevens	

Those who voted in the negative were:

Anderson	Cohen	Kroening	Mondale	Reichgott
Beckman	Finn	Langseth	Morse	Riveness
Berglin	Flynn	Lessard	Novak	Sams
Bertram	Hottinger	Luther	Pappas	Samuelson
Betzold	Janezich	Marty	Piper	Solon
Chandler	Johnson, J.B.	Metzen	Pogemiller	Stumpf
Chmielewski	Krentz	Moe, R.D.	Ranum	Wiener

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

H.F. No. 795 was read the third time 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 26, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Krentz	Moe, R.D.	Reichgott
Beckman	Finn	Kroening	Mondale	Riveness
Belanger	Flynn	Langseth	Morse	Sams
Bertram	Hottinger	Lessard	Novak	Samuelson
Betzold	Janezich	Luther	Pappas	Wiener
Chandler	Johnson, D.J.	Marty	Piper	
Chmielewski	Johnson, J.B.	McGowan	Pogemiller	
Cohen	Johnston	Metzen	Ranum	

Those who voted in the negative were:

Adkins	Hanson	Lesewski	Pariseau	Terwilliger
Benson, D.D.	Johnson, D.E.	Merriam	Price	Vickerman
Benson, J.E.	Kiscaden	Murphy	Robertson	
Berg	Knutson	Neuville	Runbeck	
Day	Laidig	Oliver	Stevens	
Frederickson	Larson	Olson	Stumpf	

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. 580 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 580: A bill for an act relating to local government; providing for the preparation and review of accounts; providing for duties of the state auditor; providing for the costs of examinations; defining the limits to various types of compensation; providing procedures for the satisfaction of claims; providing procedures for the removal of city managers; limiting certain high risk investments; amending Minnesota Statutes 1992, sections 6.56; 16B.06, subdivision 4; 43A.17, subdivision 9; 340A.602; 375.162, subdivision 2; 375.18, by adding subdivisions; 412.271, subdivision 1, and by adding subdivisions; 412.641, subdivision 1; and 475.66, subdivision 3, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 6; 465; and 471.

Ms. Reichgott moved to amend S.F. No. 580 as follows:

Page 11, delete lines 18 to 22 and insert:

"*(3) the governing body of a local unit of government adopts a resolution certifying that:*

(i) the highly-compensated employee was a full-time employee of the local unit of government for the entire period between January 1, 1983, and December 31, 1992;

(ii) the highly-compensated employee was covered by one or more employment contracts or agreements which entitled the employee to specified severance pay benefits throughout the entire ten-year period specified in clause (i);

(iii) the employment contract or agreement in effect on December 31, 1992, will, at the time of the employee's separation from employment with the local unit of government, result in a severance payment that exceeds the limits specified in subdivision 2; and

(iv) the amount of severance pay that exceeds the limits specified in subdivision 2 was based on a commitment to provide the employee with a specified severance guarantee in lieu of a higher level of some other form of compensation.

A copy of the governing body's resolution must be filed with the state auditor."

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend S.F. No. 580 as follows:

Page 6, after line 3, insert:

"Sec. 6. Minnesota Statutes 1992, section 43A.17, is amended by adding a subdivision to read:

Subd. 11. [SEVERANCE PAY FOR CERTAIN EMPLOYEES.] *(a) For purposes of this subdivision, "highly compensated employee" means an employee of the state whose estimated annual compensation is greater than 60 percent of the governor's annual salary and:*

(1) who is not covered by a collective bargaining agreement negotiated under chapter 179A; or

(2) whose compensation is set under chapter 15A.

(b) Severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, except for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the employee's appointing authority over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in paragraph (c), severance pay provided for a highly compensated employee leaving employment may not exceed an amount equivalent to six months of pay.

(c) Severance pay for a highly compensated employee may exceed an amount equivalent to six months of pay if the severance pay is part of an early retirement incentive offer approved by the state and the same early retirement incentive offer is also made available to all other employees of the appointing authority who meet generally defined criteria relative to age or length of service.

(d) Severance pay not provided for in a compensation plan approved under section 43A.18 must be approved by the commissioner of employee relations."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Terwilliger moved to amend S.F. No. 580 as follows:

Page 13, line 10, after the period, insert "*This section does not apply to a political subdivision whose governing body grants approval for the use of a local government vehicle by an employee of the political subdivision to carry out any duties as agreed between the political subdivision and the employee.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Metzen	Pogemiller
Belanger	Frederickson	Laidig	Murphy	Robertson
Benson, D.D.	Johnson, D.E.	Larson	Neuville	Solon
Benson, J.E.	Johnston	Lesewski	Oliver	Stevens
Berg	Kiscaden	Lessard	Olson	Terwilliger
Day	Knutson	McGowan	Pariseau	

Those who voted in the negative were:

Anderson	Cohen	Luther	Piper	Spear
Beckman	Finn	Marty	Price	Vickerman
Berglin	Flynn	Merriam	Ranum	Wiener
Bertram	Hanson	Moe, R.D.	Reichgott	
Betzold	Hottinger	Mondale	Riveness	
Chandler	Johnson, J.B.	Morse	Runbeck	
Chmielewski	Langseth	Novak	Sams	

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

S.F. No. 580 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	Knutson	Mondale	Riveness
Anderson	Day	Kroening	Morse	Robertson
Beckman	Dille	Laidig	Neuville	Runbeck
Belanger	Finn	Langseth	Novak	Sams
Benson, D.D.	Flynn	Larson	Oliver	Solon
Benson, J.E.	Frederickson	Lesewski	Olson	Spear
Berg	Hanson	Luther	Pariseau	Stevens
Berglin	Hottinger	Marty	Piper	Stumpf
Bertram	Johnson, D.E.	McGowan	Pogemiller	Terwilliger
Betzold	Johnson, J.B.	Merriam	Price	Vickerman
Chandler	Johnston	Metzen	Ranum	Wiener
Chmielewski	Kiscaden	Moe, R.D.	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 S.F. No. 566 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 566: A bill for an act relating to retirement; removing the requirement for periodic review of the rule of 90; repealing Minnesota Statutes 1992, section 356.85.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Benson, D.D.	Bertram	Cohen	Flynn
Anderson	Benson, J.E.	Betzold	Day	Frederickson
Beckman	Berg	Chandler	Dille	Hanson
Belanger	Berglin	Chmielewski	Finn	Hottinger

Johnson, J.B.	Lessard	Neuville	Reichgott	Stumpf
Kiscaden	Luther	Novak	Riveness	Terwilliger
Knutson	Marty	Oliver	Robertson	Vickerman
Kroening	McGowan	Olson	Runbeck	Wiener
Laidig	Merriam	Pariseau	Sams	
Langseth	Metzen	Piper	Samuelson	
Larson	Mondale	Price	Spear	
Lesewski	Morse	Ranum	Stevens	

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. 50 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 50: A bill for an act relating to agriculture; changing the apiary laws; reducing an appropriation; amending Minnesota Statutes 1992, sections 19.50, by adding a subdivision; 19.52, subdivision 1; 19.55; 19.56; 19.58, subdivisions 1, 2, and 4; 19.59; 19.64, subdivisions 1 and 4a; and 19.65; proposing coding for new law in Minnesota Statutes, chapter 19; repealing Minnesota Statutes 1992, sections 19.51, subdivision 3; 19.54; 19.58, subdivisions 3, 7, and 8; 19.60; 19.61, subdivision 2; 19.62; and 19.64, subdivisions 2, 3, and 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Cohen	Laidig	Neuville	Runbeck
Anderson	Day	Langseth	Novak	Sams
Beckman	Dille	Larson	Olson	Samuelson
Belanger	Finn	Lesewski	Pappas	Spear
Benson, D.D.	Flynn	Lessard	Pariseau	Stevens
Benson, J.E.	Frederickson	Luther	Piper	Stumpf
Berg	Hottinger	Marty	Pogemiller	Terwilliger
Berglin	Johnson, J.B.	McGowan	Price	Vickerman
Bertram	Kiscaden	Merriam	Ranum	Wiener
Betzold	Knutson	Metzen	Reichgott	
Chandler	Krentz	Mondale	Riveness	
Chmielewski	Kroening	Morse	Robertson	

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. 208 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 208: A bill for an act relating to human rights; prohibiting discrimination against certain persons who have physical or sensory disabilities and who use service animals; clarifying certain language governing transportation of disabled persons; clarifying the commissioner's acceptance of charges; providing for office of administrative hearings costs to be charged in human rights cases; amending Minnesota Statutes 1992, sections 363.01, subdivisions 30a, 35, 41b, and by adding a subdivision; 363.03, subdivisions 2, 4, and 10; 363.071, by adding a subdivision; and 473.144.

Was read the third time 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	Dille	Larson	Oliver	Sams
Anderson	Finn	Lesewski	Olson	Samuelson
Beckman	Flynn	Lessard	Pappas	Spear
Belanger	Frederickson	Luther	Pariseau	Stevens
Benson, D.D.	Hottinger	Marty	Piper	Stumpf
Benson, J.E.	Johnson, D.J.	McGowan	Pogemiller	Terwilliger
Berglin	Johnson, J.B.	Merriam	Price	Vickerman
Bertram	Kiscaden	Metzen	Ranum	Wiener
Betzold	Knutson	Mondale	Reichgott	
Chandler	Krentz	Morse	Riveness	
Cohen	Laidig	Neuville	Robertson	
Day	Langseth	Novak	Runbeck	

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. 671 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 671: A bill for an act relating to metropolitan government; requiring the metropolitan council to adopt rules allocating comprehensive choice housing among cities and towns in the metropolitan area; requiring metropolitan council review of city's and town's efforts to comply with the allocation; establishing penalties for noncompliance; amending Minnesota Statutes 1992, section 473.523, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 473.

Mr. Novak moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate May 7, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 529.)

Pages 1 and 2, delete section 1

Page 3, line 10, delete "*(4)*" and insert "*(5)*"

Page 3, line 15, delete everything after the period

Page 3, delete lines 16 to 21

Page 3, line 22, delete everything before "*Rules*"

Page 4, after line 35, insert:

"*(4) study and identify on a city by city basis, the existing barriers to comprehensive choice housing including, but not limited to, zoning requirements, development agreements, and local development practices that impose barriers to the development of comprehensive choice housing;*"

Page 4, line 36, delete "*(4)*" and insert "*(5)*"

Page 5, delete lines 2 to 4

Page 5, line 5, delete everything before the semicolon

Page 5, line 10, delete "*(5)*" and insert "*(6)*"

Page 5, line 13, delete "*(6)*" and insert "*(7)*"

Page 5, line 28, delete "*(4)*" and insert "*(5)*"

Page 6, lines 6, 9, and 14, delete "*(4)*" and insert "*(5)*"

Page 6, line 12, delete "*to the department of revenue,*"

Page 6, line 17, delete the comma and insert "*and*"

Page 6, line 18, delete everything after "*certified*"

Page 6, line 19, delete everything before the period

Page 6, delete lines 23 to 36

Page 7, delete lines 1 to 8

Page 7, after line 8, insert:

"Sec. 2. [STUDY OF INCENTIVES FOR COMPREHENSIVE CHOICE HOUSING.]

The metropolitan council shall conduct a study to identify incentives to promote the availability of comprehensive choice housing throughout the metropolitan area. The council shall work collaboratively with local governments, the Minnesota housing finance agency, the department of revenue, other executive branch agencies, the department of housing and urban development, and nonprofit organizations to identify incentives and determine their likely impact on the supply and location of comprehensive choice housing. The council shall report the results of the study and make recommendations to the legislature by February 15, 1994."

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 49 and nays 13, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Knutson	Moe, R.D.	Ranum
Anderson	Flynn	Krentz	Mondale	Reichgott
Beckman	Frederickson	Kroening	Morse	Riveness
Benson, J.E.	Hanson	Laidig	Murphy	Runbeck
Berg	Hottinger	Langseth	Neuville	Sams
Berglin	Janezich	Lesewski	Novak	Spear
Betzold	Johnson, D.E.	Luther	Olson	Stumpf
Chandler	Johnson, D.J.	Marty	Pariseau	Vickerman
Cohen	Johnson, J.B.	Merriam	Piper	Wiener
Dille	Kiscaden	Metzen	Price	

Those who voted in the negative were:

Belanger	Day	Lessard	Pappas	Terwilliger
Benson, D.D.	Johnston	McGowan	Robertson	
Bertram	Kelly	Oliver	Stevens	

The motion prevailed. So the amendment was adopted.

H.F. No. 671 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 34 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Morse	Ranum
Anderson	Hottinger	Luther	Murphy	Reichgott
Berglin	Janezich	Marty	Novak	Riveness
Betzold	Johnson, D.J.	Merriam	Pappas	Runbeck
Chandler	Johnson, J.B.	Metzen	Piper	Spear
Cohen	Kelly	Moe, R.D.	Pogemiller	Wiener
Finn	Krentz	Mondale	Price	

Those who voted in the negative were:

Beckman	Day	Knutson	Neuville	Samuelson
Belanger	Frederickson	Laidig	Oliver	Stevens
Benson, D.D.	Hanson	Langseth	Olson	Stumpf
Benson, J.E.	Johnson, D.E.	Lesewski	Pariseau	Terwilliger
Berg	Johnston	Lessard	Robertson	Vickerman
Bertram	Kiscaden	McGowan	Sams	

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. 948 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 948: A bill for an act relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; prohibiting unlicensed persons from obtaining building permits; establishing a contractor's recovery fund; appropriating money; amending Minnesota Statutes 1992, sections 116J.70, subdivision 2a; 326.83, subdivisions 4, 6, 7, 8, 10, and by adding subdivisions; 326.84, subdivisions 1 and 3; 326.85, subdivision 1; 326.86; 326.87, subdivision 2; 326.88; 326.89, subdivisions 2, 3, and by adding subdivisions; 326.90; 326.91, subdivisions 1 and 2; 326.92, subdivisions 1 and 3; 326.93, subdivision 1; 326.94, subdivision 2; 326.97, subdivision 1, and by adding a subdivision; 326.99; and 326.991; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1992, sections 326.84, subdivision 2; and 326.94, subdivision 1.

Mr. Larson moved to amend H.F. No. 948, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 938.)

Page 5, line 17, after the semicolon, insert "*and*"

Page 5, line 18, delete everything after "*grading*" and insert a period

Page 5, delete line 19

Page 16, delete section 25 and insert:

"Sec. 25. Minnesota Statutes 1992, section 326.90, is amended to read:

326.90 [LOCAL LICENSES.]

Subdivision 1. [LOCAL LICENSE PROHIBITED.] Except as provided in ~~section~~ *sections* 326.991 *and 326.90, subdivision 2*, a political subdivision may not require a ~~residential building contractor, remodeler, or specialty contractor~~ *person licensed under sections 326.83 to 326.991* to also be licensed under any ordinance, law, rule, or regulation of the political subdivision. This section does not prohibit charges for building permits or other charges not directly related to licensure.

Subd. 2. [EXCEPTION.] *This section does not prohibit a political subdivision from requiring licensure or certification under any ordinance, law, rule, or regulation of the political subdivision for persons who engage in the installation of an on-site sewage treatment system.*"

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. 948, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 938.)

Page 18, after line 31, insert:

"Sec. 30. [326.921] [BUILDING PERMIT CONDITIONED ON LICENSURE.]

A political subdivision shall not issue a building permit to an unlicensed person who is required to be licensed under sections 326.83 to 326.991. The political subdivision shall report the person applying for a building permit to the commissioner who may bring an action against the person."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 948, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 938.)

Page 14, lines 10 and 34, after "applicant" insert ", *any employee,*"

Page 15, line 1, after the stricken period, insert ", *employee,*" and delete "*and*" and insert:

"*(9) where the applicant is a firm, partnership, sole proprietorship, limited liability company, corporation, or association, whether there has been a sale or transfer of the business or other change in ownership, control, or name in the last five years and the details thereof, and the names and addresses of all prior, predecessor, subsidiary, affiliated, parent, or related entities, and whether each such entity, or its owners, officers, directors, members or shareholders holding more than ten percent of the stock, or an employee has ever taken or been subject to an action that is subject to clause (6), (7), or (8) in the last ten years; and*"

Page 15, line 2, delete "*(9)*" and insert "*(10)*"

Page 16, line 17, delete "*necessary*" and insert "*reasonable*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 948, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 938.)

Page 19, line 3, delete "subdivision 2,"

Page 19, after line 3, insert:

"326.94 [BOND; INSURANCE.]

Subdivision 1. [BOND.] (a) ~~Residential building contractors, remodelers, and specialty contractors licensed under section 326.84~~ *Licensed manufactured home installers and licensed roofers* must post a license bond with the commissioner, conditioned that the applicant shall faithfully perform the duties and in all things comply with all laws, ordinances, and rules pertaining to the license or permit applied for and all contracts entered into. The annual bond must be continuous and maintained for so long as the licensee remains licensed. The aggregate liability of the surety on the bond to any and all persons, regardless of the number of claims made against the bond, may not exceed the amount of the bond. The bond may be canceled as to future liability by the surety upon 30 days written notice mailed to the commissioner by regular mail.

(b) ~~The commissioner shall establish by rule a bond scale based on the gross annual receipts of the licensee. The residential building contractor and remodeler licensees~~ *A licensed roofer* must post a bond of at least $5,000. ~~A specialty contractor licensee must post a bond of at least $2,500. The bond amounts for specialty contractor licensees must be based upon the same classifications as a residential building contractor and remodeler licensee.~~"

Page 23, line 24, delete everything after the period

Page 23, delete lines 25 to 27

Page 23, line 29, delete "*sections*" and insert "*section*" and delete the semicolon

Page 23, line 30, delete "*and 326.94, subdivision 1, are*" and insert "*, is*"

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Samuelson moved to amend H.F. No. 948, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 938.)

Page 18, line 5, delete "*or*"

Page 18, line 8, before the period, insert "*; or*

(12) has had a judgment entered against them for failure to make payments to employees or subcontractors"

The motion prevailed. So the amendment was adopted.

H.F. No. 948 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 44 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kroening	Murphy	Robertson
Anderson	Dille	Laidig	Neuville	Runbeck
Beckman	Finn	Langseth	Novak	Sams
Benson, J.E.	Flynn	Larson	Oliver	Samuelson
Berglin	Hanson	Lessard	Piper	Spear
Bertram	Hottinger	Luther	Price	Stevens
Betzold	Johnson, D.J.	Marty	Ranum	Vickerman
Chandler	Kelly	Merriam	Reichgott	Wiener
Chmielewski	Knutson	Mondale	Riveness	

Those who voted in the negative were:

Belanger	Berg	Johnson, J.B.	Lesewski	Stumpf
Benson, D.D.	Day	Johnston	Morse	

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. 864 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 864: A bill for an act relating to waters; inspection of watercraft for exotic harmful species; gasoline tax distribution; permit fee for aquatic vegetation control; authorizing civil citations and penalties; recommendations on milfoil control on White Bear Lake; appropriating money; amending Minnesota Statutes 1992, sections 18.317, subdivision 3a; 86B.415, subdivision 7; and 103G.615, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 84.

Mr. Chandler moved to amend H.F. No. 864, the unofficial engrossment, as follows:

Page 2, line 26, delete "*$500*" and after "*launching*" insert "*into noninfested waters*"

Page 2, line 28, delete everything after "*attached*" and insert ", *$500 for*"

Page 2, line 29, delete the comma

Page 2, line 30, delete "*limited*"

Page 2, line 31, delete "*infestation of*" and after "*milfoil*" insert "*infestation area*"

Page 2, line 35, after "*launch*" insert "*into infested waters*"

Page 2, line 36, after "*mussels*" insert "*attached.*"

Page 3, delete line 1

The motion prevailed. So the amendment was adopted.

H.F. No. 864 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	Chmielewski	Knutson	Mondale	Robertson
Anderson	Day	Kroening	Morse	Runbeck
Beckman	Dille	Laidig	Murphy	Sams
Belanger	Finn	Langseth	Neuville	Samuelson
Benson, D.D.	Flynn	Larson	Novak	Solon
Benson, J.E.	Hanson	Lesewski	Oliver	Spear
Berg	Hottinger	Lessard	Pappas	Stevens
Berglin	Johnson, D.J.	Luther	Price	Stumpf
Bertram	Johnson, J.B.	Marty	Ranum	Vickerman
Betzold	Johnston	Merriam	Reichgott	Wiener
Chandler	Kelly	Metzen	Riveness	

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

Mr. Luther moved that S.F. No. 811 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

S.F. No. 811: A bill for an act relating to transportation; providing for a metropolitan area high speed bus study; 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 49 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Langseth	Morse	Riveness
Anderson	Finn	Larson	Murphy	Runbeck
Beckman	Frederickson	Lessard	Neuville	Sams
Belanger	Hottinger	Luther	Novak	Samuelson
Benson, D.D.	Johnson, D.J.	Marty	Olson	Spear
Benson, J.E.	Johnson, J.B.	McGowan	Pappas	Stevens
Berg	Johnston	Merriam	Piper	Stumpf
Betzold	Kelly	Metzen	Price	Vickerman
Chandler	Knutson	Moe, R.D.	Ranum	Wiener
Chmielewski	Kroening	Mondale	Reichgott	

Those who voted in the negative were:

Berglin	Day	Lesewski	Pariseau	Terwilliger
Bertram	Flynn	Oliver	Robertson	

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. 199 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 199: A bill for an act relating to insurance; workers' compensation; regulating the state fund mutual insurance company; requiring the workers' compensation reinsurance association to provide funds; amending Minnesota Statutes 1992, sections 176A.02, by adding a subdivision; 176A.11; proposing coding for new law in Minnesota Statutes, chapter 79.

Mr. Hottinger moved to amend H.F. No. 199, as amended pursuant to Rule 49, adopted by the Senate May 7, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 112.)

Page 1, after line 9, insert:

"ARTICLE 1"

Page 3, after line 31, insert:

"ARTICLE 2

Section 1. Minnesota Statutes 1992, section 79.50, is amended to read:

79.50 [PURPOSES.]

The purposes of chapter 79 are to:

(a) Promote public welfare by regulating insurance rates so that premiums are not excessive, inadequate, or unfairly discriminatory;

(b) Promote quality and integrity in the data bases used in workers' compensation insurance ratemaking;

(c) Prohibit price fixing agreements and anticompetitive behavior by insurers;

(d) ~~Promote price competition and provide rates that are responsive to competitive market conditions;~~

~~(e) Provide a means of establishment of proper rates if competition is not effective;~~

~~(f)~~ Define the function and scope of activities of data service organizations;

~~(g) Provide for an orderly transition from regulated rates to competitive market conditions;~~ and

~~(h)~~ *(e)* Encourage insurers to provide alternative innovative methods whereby employers can meet the requirements imposed by section 176.181.

Sec. 2. Minnesota Statutes 1992, section 79.51, subdivision 1, is amended to read:

79.51 [RULES.]

Subdivision 1. [ADOPTION; WHEN.] The commissioner shall adopt rules to implement provisions of this chapter. ~~The rules shall be finally adopted after May 1, 1982. By January 15, 1982, the commissioner shall provide the legislature a description and explanation of the intent and anticipated effect of the rules on the various factors of the rating system.~~

Sec. 3. Minnesota Statutes 1992, section 79.51, subdivision 3, is amended to read:

Subd. 3. [RULES; SUBJECT MATTER.] (a) The commissioner in issuing rules shall consider:

(1) data reporting requirements, including types of data reported, such as loss and expense data;

(2) experience rating plans;

(3) retrospective rating plans;

(4) general expenses and related expense provisions;

(5) minimum premiums;

(6) classification systems and assignment of risks to classifications;

(7) loss development and trend factors;

(8) the workers' compensation reinsurance association;

(9) requiring substantial compliance with the rules mandated by this section as a condition of workers' compensation carrier licensure;

(10) imposing limitations on the functions of workers' compensation data service organizations consistent with the introduction of competition;

(11) the rules contained in the workers' compensation rating manual adopted by ~~the workers' compensation insurers rating association~~ *licensed data service organizations*; ~~and~~

(12) *the supporting data and information required in filings under section 79.56, including but not limited to the experience of the filing insurer and the extent to which the filing insurer relies upon data service organization loss information, descriptions of the actuarial and statistical methods employed in setting rates, and the filing insurers interpretation of any statistical data relied upon; and*

(13) any other factors that the commissioner deems relevant to achieve the purposes of this chapter.

(b) The rules shall provide for the following:

(1) ~~competition in workers' compensation insurance rates in such a way that the advantages of competition are introduced with a minimum of employer hardship;~~

~~(2)~~ adequate safeguards against excessive or discriminatory rates in workers' compensation;

~~(3)~~ *(2)* encouragement of workers' compensation insurance rates which are as low as reasonably necessary, but shall make provision against inadequate rates, insolvencies and unpaid benefits;

~~(4)~~ *(3)* assurances that employers are not unfairly relegated to the assigned risk pool;

~~(5)~~ *(4)* requiring all appropriate data and other information from insurers for the purpose of issuing rules, making legislative recommendations pursuant to this section ~~and monitoring the effectiveness of competition~~; and

~~(6)~~ *(5)* preserving a framework for risk classification, data collection, and other appropriate joint insurer services ~~where these will not impede the introduction of competition in premium rates~~.

Sec. 4. Minnesota Statutes 1992, section 79.53, subdivision 1, is amended to read:

Subdivision 1. [METHOD OF CALCULATION.] Each insurer shall establish premiums to be paid by an employer according to its filed rates and rating plan as follows:

Rates shall be applied to an exposure base to yield a base premium which may be further ~~modified~~ *increased or decreased up to 25 percent* by merit rating, premium discounts, and other appropriate factors contained in the rating plan of an insurer to produce premium *if the increase or decrease is not unfairly discriminatory*. Nothing in this chapter shall be deemed to prohibit the use of any premium, provided the premium is not excessive, inadequate or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1992, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market, premiums~~ *Rates and rating plans* are excessive if the expected underwriting profit, together with expected income from invested reserves ~~for the market in question~~, that would accrue to an insurer *under the rates and rating plans* would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business. *The burden is on the insurer to establish that profit is not unreasonably high.*

Sec. 6. Minnesota Statutes 1992, section 79.55, subdivision 5, is amended to read:

Subd. 5. [DISCOUNTS PERMITTED.] An insurer may offer a ~~discount from~~ *scheduled credit or debit to* a manual premium *of up to 25 percent* if the premium otherwise complies with this section. ~~The commissioner shall not by rule, or otherwise, prohibit a credit or discount from a manual premium solely because it is greater than a certain fixed percentage of the premium.~~

Sec. 7. Minnesota Statutes 1992, section 79.55, is amended by adding a subdivision to read:

Subd. 6. [RATING FACTORS.] *In determining whether a rate filing complies with this section, separate consideration shall be given to: (i) past and prospective loss experience within this state and outside this state to the extent necessary to develop credible rates; (ii) dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers; and (iii) a reasonable allowance for expense and profit. An allowance for expense shall be presumed reasonable if it reflects expenses that are 20 percent greater or less than the average expense for all insurers writing workers' compensation insurance in this state. An allowance for after-tax profit shall consider anticipated investment income from premium receipts net of disbursements and from allocated surplus, based on the current five-year United States Treasury note yield and an assumed premium to surplus ratio of 2.25 to one. The allowance for after-tax profit shall be presumed reasonable if the corresponding return on equity target is equal to or less than the sum of: (i) the current yield on five-year United States Treasury securities; and (ii) an appropriate equity risk premium that reflects the risks of writing workers' compensation insurance. The risk premium shall not be less than the average, since 1926, of the differences in return between: (i) the annual return, including dividend income, for the Standards and Poors 500 common stock index or predecessor index for each year; and (ii) the five-year United States Treasury note yield as of the start of the corresponding year. Profit and expense allowances not presumed reasonable under this*

subdivision, are reasonable if the circumstances of an insurer, the market, or other factors justify them.

Sec. 8. Minnesota Statutes 1992, section 79.55, is amended by adding a subdivision to read:

Subd. 7. [EXTERNAL FACTORS.] *That portion of a rate or rating plan related to assessments from the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, agent commission, premium tax, and any other state-mandated surcharges shall not cause the rate or rating plan to be considered excessive, inadequate, or unfairly discriminatory.*

Sec. 9. Minnesota Statutes 1992, section 79.56, subdivision 1, is amended to read:

Subdivision 1. [~~AFTER EFFECTIVE DATE~~ *PREFILING OF RATES.*] Each insurer shall file with the commissioner a complete copy of its rates and rating plan, ~~and~~ all changes and amendments thereto, ~~within 15 days after their~~ *and such supporting data and information that the commissioner may by rule require, at least 60 days prior to its* effective ~~dates~~ *date.* ~~An insurer need not file a rating plan if it uses a rating plan filed by a data service organization. If an insurer uses a rating plan of a data service organization but deviates from it, then all deviations must be filed by the insurer~~ *The commissioner shall advise an insurer within 30 days of the filing if its submission is not accompanied with such supporting data and information that the commissioner by rule may require. The commissioner may extend the filing review period and effective date for an additional 30 days if an insurer, after having been advised of what supporting data and information is necessary to complete its filing, does not provide such information within 15 days of having been so notified. If any rate or rating plan filing or amendment thereto is not disapproved by the commissioner within the filing review period, the insurer may implement it. For the period January 1, 1994, to December 31, 1994, the filing shall be made at least 90 days prior to the effective date and the department shall advise an insurer within 60 days of such filing if the filing is insufficient under this section.*

Sec. 10. Minnesota Statutes 1992, section 79.56, subdivision 3, is amended to read:

Subd. 3. [PENALTIES.] Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to $100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to $500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law. *Notwithstanding this subdivision, an employer that generates $500,000 in annual written workers' compensation premium under the rates and rating plan of an insurer before the application of any large deductible rating plans, may be written by that insurer using rates or rating plans that are not subject to disapproval but which have been filed. The $500,000 threshold shall be increased on January 1, 1995, and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, to the nearest $1,000. The commissioner shall advise insurers licensed to write workers' compensation insurance in this state of the annual threshold adjustment.*

Sec. 11. [79.561] [DISAPPROVAL OF RATES OR RATING PLANS.]

Subdivision 1. [DISAPPROVAL; TIME PERIOD.] *The commissioner may disapprove a rate and rating plan or amendment thereto prior to its effective date, as provided under section 79.56, subdivision 1, if the commissioner determines that it is excessive, inadequate, or unfairly discriminatory. If the commissioner disapproves any rate or rating plan filing or amendment thereto, the commissioner shall advise the filing insurer what rate and rating plan the commissioner has reason to believe would be in compliance with section 79.55, and the reasons for that determination. An insurer may not implement a rate and rating plan or amendment thereto which has been disapproved under this subdivision. If the commissioner disapproves any rate and rating plan filing or amendment thereto, an insurer may use its current rate and rating plan for writing any workers' compensation insurance in this state. Following any disapproval, the commissioner and insurer may reach agreement on a rate or rating plan filing or amendment thereto. Notwithstanding any law to the contrary, in such cases, the rate or rating plan filing or amendment thereto may be implemented by the insurer immediately.*

Subd. 2. [HEARING.] *If an insurer's rate or rating plan filing or amendment thereto is disapproved under subdivision 1, the insurer may request a contested case hearing under chapter 14. The insurer shall have the burden of proof to justify that its rate and rating plan or amendment thereto is in compliance with section 79.55. The hearing must be scheduled promptly and in no case later than three months from the date of disapproval or else the rate and rating plan or amendment thereto shall be considered effective and may be implemented by the insurer. A determination pursuant to chapter 14 must be made within 90 days following the closing of the hearing record.*

Subd. 3. [CONSULTANTS AND COSTS.] *The commissioner may retain consultants, including a consulting actuary or other experts, that the commissioner determines necessary for purposes of this chapter. The salary limit set by section 43A.17 does not apply to a consulting actuary retained under this subdivision. A consulting actuary shall be a fellow in the casualty actuarial society and shall have demonstrated experience in workers' compensation insurance ratemaking. Any individual not so qualified shall not render an opinion or testify on actuarial aspects of a filing, including but not limited to data quality, loss development, and trending. The costs incurred in retaining any consulting actuaries and experts shall be reimbursed by the special compensation fund.*

Sec. 12. [APPROPRIATION.]

$2,600,000 is appropriated from the special compensation fund for the biennium ending June 30, 1995, to the department of commerce for the purposes of this article. The complement of the department of commerce is increased by 13 positions for the purposes of this article.

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; and 79.58, are repealed.

Sec. 14. [EFFECTIVE DATE; TRANSITION.]

This article is effective on January 1, 1994. Rates and rating plans in use as of January 1, 1994, may continue to be used until such time as an amendment thereto or a new rate or rating plan is filed, at which time such submission shall be subject to this article.

ARTICLE 3

Section 1. Minnesota Statutes 1992, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101. If doubt exists as to the eventual permanent partial disability, payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or ~~lump sum or periodic payment of~~ impairment compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive economic recovery compensation or impairment compensation vests in an injured employee at the time the disability can be ascertained provided that the employee lives for at least 30 days beyond the

date of the injury. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 2. Minnesota Statutes 1992, section 176.021, subdivision 3a, is amended to read:

Subd. 3a. [PERMANENT PARTIAL BENEFITS, PAYMENT.] Payments for permanent partial disability as provided in section 176.101, subdivision 3, shall be made in the following manner:

(a) If the employee returns to work, payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*;

(b) If temporary total payments have ceased, but the employee has not returned to work, payment shall be made at the same intervals as temporary total payments were made;

(c) If temporary total disability payments cease because the employee is receiving payments for permanent total disability or because the employee is retiring or has retired from the work force, then payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*;

(d) If the employee completes a rehabilitation plan pursuant to section 176.102, but the employer does not furnish the employee with work the employee can do in a permanently partially disabled condition, and the employee is unable to procure such work with another employer, then payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*.

Sec. 3. Minnesota Statutes 1992, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For injury producing temporary total disability, the compensation is 66-2/3 percent of the weekly wage at the time of injury.

(b) During the year commencing on October 1, 1992, ~~and each year thereafter,~~ the maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(c) *During the year commencing on October 1, 1993, the maximum weekly compensation payable is 106 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.*

(d) During the year commencing on October 1, 1994, the maximum weekly compensation payable is 107 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(e) During the year commencing on October 1, 1995, the maximum weekly compensation payable is 108 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(f) During the year commencing on October 1, 1996, the maximum weekly compensation payable is 109 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(g) During the year commencing on October 1, 1997, and each year thereafter, the maximum weekly compensation payable is 110 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(h) The minimum weekly compensation payable is 20 percent of the statewide average weekly wage for the period ending December 31 of the preceding year or the injured employee's actual weekly wage, whichever is less.

~~(d)~~ *(i)* Subject to subdivisions 3a to 3u this compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 4. Minnesota Statutes 1992, section 176.101, subdivision 3g, is amended to read:

Subd. 3g. [ACCEPTANCE OF JOB OFFER.] If the employee accepts a job offer described in subdivision 3e and the employee begins work at that job, although not necessarily within the 90-day period specified in that subdivision, the impairment compensation shall be paid ~~in a lump sum 30 calendar days after the employee actually commences work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period~~ *at the same rate that temporary total compensation was last paid.*

Sec. 5. Minnesota Statutes 1992, section 176.101, subdivision 3l, is amended to read:

Subd. 3l. [FAILURE TO ACCEPT JOB OFFER.] If the employee has been offered a job under subdivision 3e and has refused the offer, the impairment compensation ~~shall not be paid in a lump sum but~~ shall be paid in the same interval and amount that temporary total compensation was initially paid. This compensation shall not be escalated pursuant to section 176.645. Temporary total compensation shall cease upon the employee's refusal to accept the job offered and no further or additional temporary total compensation is payable for that injury. The payment of the periodic impairment compensation shall cease when the amount the employee is eligible to receive under subdivision 3b is reached, after which time the employee shall not receive additional impairment compensation or any other compensation under this chapter unless the employee has a greater permanent partial disability than already compensated for.

Sec. 6. Minnesota Statutes 1992, section 176.101, subdivision 3m, is amended to read:

Subd. 3m. [RETURN TO WORK AFTER REFUSAL OF JOB OFFER.] If the employee has refused the job offer under subdivision 3e and is receiving periodic impairment compensation and returns to work at another job, the employee shall receive the remaining impairment compensation ~~due, in a lump sum, 30 days after return to work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period~~ *at the same rate that temporary total compensation was last paid.*

Sec. 7. Minnesota Statutes 1992, section 176.101, subdivision 3o, is amended to read:

Subd. 3o. [INABILITY TO RETURN TO WORK.] (a) An employee who is permanently totally disabled pursuant to subdivision 5 shall receive impairment compensation as determined pursuant to subdivision 3b. This compensation is payable in addition to permanent total compensation pursuant to subdivision 4 and is payable concurrently. In this case the impairment compensation shall be paid in the same intervals and amount as the permanent total compensation was initially paid, and the impairment compensation shall cease when the amount due under subdivision 3b is reached. If this employee returns to work at any job during the period the impairment compensation is being paid, ~~the remaining impairment compensation due shall be paid in a lump sum 30 days after the employee has returned to work and~~ no further temporary total compensation shall be paid.

(b) If an employee is receiving periodic economic recovery compensation and is determined to be permanently totally disabled no offset shall be taken against future permanent total compensation for the compensation paid and no permanent total weekly compensation is payable for any period during which economic recovery compensation has already been paid. No further economic recovery compensation is payable even if the amount due the employee pursuant to subdivision 3a has not yet been reached.

(c) An employee who has received periodic economic recovery compensation and who meets the criteria under clause (b) shall receive impairment compensation pursuant to clause (a) even if the employee has previously received economic recovery compensation for that disability.

(d) Rehabilitation consultation pursuant to section 176.102 shall be provided to an employee who is permanently totally disabled.

Sec. 8. Minnesota Statutes 1992, section 176.101, subdivision 3q, is amended to read:

Subd. 3q. [METHOD OF PAYMENT OF ECONOMIC RECOVERY COMPENSATION.] (a) Economic recovery compensation is payable at the same intervals and in the same amount as temporary total compensation was initially paid. ~~If the employee returns to work and the economic recovery compensation is still being paid, the remaining economic recovery compensation due shall be paid in a lump sum 30 days after the employee has returned to work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period.~~

(b) Periodic economic recovery compensation paid to the employee shall not be adjusted pursuant to section 176.645.

Sec. 9. Minnesota Statutes 1992, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be 66-2/3 percent of the daily wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to ~~the minimum weekly compensation for a temporary total disability~~ *65 percent of the statewide average weekly wage*. This compensation shall be paid during

the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 10. Minnesota Statutes 1992, section 176.101, subdivision 5, is amended to read:

Subd. 5. [DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury *that results in a disability rating under this chapter of at least 15 percent of the whole body* which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income.

(b) For purposes of paragraph (a), clause (2), "totally and permanently incapacitated" means that the employee's physical disability, in combination with the employee's age, education, training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income.

Sec. 11. Minnesota Statutes 1992, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on or after October 1, 1977, ~~but prior to October 1,~~

~~1992,~~ under this section shall exceed six percent a year; in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be six percent. *For injuries occurring on or after October 1, 1992,* no adjustment increase ~~made on or after October 1, 1992,~~ under this section shall exceed four percent a year; in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be four percent.

Sec. 12. Minnesota Statutes 1992, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is 66-2/3 percent of the employee's weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. ~~The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.~~

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, section 176.132, subdivisions 1 and 2, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 10, 12, and 13 are effective October 1, 1993. Sections 9, 12, and 13 apply to a personal injury, as defined under Minnesota Statutes, section 176.011, subdivision 16, occurring on or after October 1, 1993. Section 11 is effective the day following final enactment and applies retroactively to October 1, 1992.''

Amend the title accordingly

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

The President ruled that the amendment was not germane.

Mr. Hottinger appealed the decision of the President.

The question was taken on ''Shall the decision of the President be the judgment of the Senate?''

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Morse	Ranum
Berglin	Janezich	Luther	Murphy	Reichgott
Betzold	Johnson, D.J.	Marty	Novak	Riveness
Chandler	Johnson, J.B.	Merriam	Pappas	Samuelson
Chmielewski	Kelly	Metzen	Piper	Solon
Finn	Krentz	Moe, R.D.	Pogemiller	Spear
Flynn	Kroening	Mondale	Price	Wiener

Those who voted in the negative were:

Adkins	Day	Knutson	Oliver	Stumpf
Beckman	Dille	Laidig	Olson	Terwilliger
Belanger	Frederickson	Langseth	Pariseau	Vickerman
Benson, D.D.	Hottinger	Larson	Robertson	
Benson, J.E.	Johnson, D.E.	Lesewski	Runbeck	
Berg	Johnston	McGowan	Sams	
Bertram	Kiscaden	Neuville	Stevens	

The decision of the President was sustained.

H.F. No. 199 was read the third time 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Robertson
Anderson	Finn	Kroening	Novak	Sams
Beckman	Flynn	Laidig	Oliver	Samuelson
Belanger	Frederickson	Langseth	Olson	Solon
Benson, D.D.	Hanson	Lessard	Pappas	Spear
Benson, J.E.	Hottinger	Luther	Pariseau	Stumpf
Berg	Janezich	Marty	Piper	Terwilliger
Berglin	Johnson, D.E.	McGowan	Pogemiller	Vickerman
Bertram	Johnson, D.J.	Metzen	Price	Wiener
Betzold	Johnson, J.B.	Moe, R.D.	Ranum	
Chandler	Kelly	Mondale	Reichgott	
Day	Knutson	Morse	Riveness	

Those who voted in the negative were:

Johnston	Lesewski	Neuville	Runbeck	Stevens
Larson	Merriam			

So the bill passed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Johnson, D.E.; Larson; Vickerman; Berg and Day introduced—

S.F. No. 1633: A bill for an act relating to employment; modifying provisions relating to prevailing wages; amending Minnesota Statutes 1992, section 177.41; 177.42, subdivision 6; 177.43, subdivisions 1 and 3; and 471.345, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 177.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Betzold, Mses. Wiener, Anderson and Mr. Solon introduced—

S.F. No. 1634: A bill for an act relating to agriculture; repealing the milk over-order premium law; repealing Laws 1993, chapter 65, sections 9, 12, and 14.

Referred to the Committee on Agriculture and Rural Development.

Mr. Janezich introduced—

S.F. No. 1635: A bill for an act relating to taxation; authorizing the study of reform of the state's tax structure based upon a gross worth tax system.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Mr. Riveness was excused from the Session of today from 9:00 to 9:55 a.m.

Messrs. Solon and Novak were excused from the Session of today from 9:30 to 10:15 a.m. Messrs. Beckman and Kelly were excused from the Session of today from 9:30 to 10:30 a.m. Ms. Pappas was excused from the Session of today from 9:30 to 11:00 a.m. Mr. Pogemiller was excused from the Session of today from 10:10 to 10:40 a.m. and 1:00 to 2:15 p.m. Mr. Cohen was excused from the Session of today from 1:00 to 2:30 p.m. Ms. Olson was excused from the Session of today from 12:45 to 1:15 p.m. Mrs. Pariseau was excused from the Session of today from 10:45 to 11:10 a.m., 12:45 to 1:15 p.m. and 1:40 to 1:50 p.m. Ms. Krentz was excused from the Session of today from 12:30 to 2:00 p.m. Mr. Johnson, D.J. was excused from the Session of today from 12:45 to 1:00 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:30 a.m., Wednesday, May 12, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-SEVENTH DAY

St. Paul, Minnesota, Wednesday, May 12, 1993

The Senate met at 8:30 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Chmielewski imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Sister Esther Mary Nickel.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

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

August 18, 1992

The Honorable Jerome Hughes
President of the Senate

Dear Senator Hughes:

This is to inform you that two appointments have been made by the Regional Transit Board to the Metropolitan Transit Commission. The Metropolitan Transit Commissioners appointed are:

Christine Dean	Allyson Hartle
6604 Galway Drive	1489 W. Minnehaha Ave.
Edina, MN 55439	St. Paul, MN 55104
(Hennepin County)	(Ramsey County)
For a term expiring:	For a term expiring:
August 1, 1995	August 1, 1995

Attached are the open appointment application forms and resumes that were filed by each appointee with the Secretary of State's Office.

If you have any questions about the appointments, please call me.

(Referred to the Committee on Metropolitan and Local Government.)

Warm regards,
Michael J. Ehrlichmann, Chair

May 10, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 50, 485 and 848.

Warmest regards,
Arne H. Carlson, Governor

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	1228	109	2:59 p.m. May 10	May 10
	270	110	3:12 p.m. May 10	May 10
50		111	2:57 p.m. May 10	May 10
485		112	2:57 p.m. May 10	May 10
848		113	2:58 p.m. May 10	May 10
	430	114	2:59 p.m. May 10	May 10
	113	115	2:58 p.m. May 10	May 10
	9	116	2:58 p.m. May 10	May 10
	969	117	3:08 p.m. May 10	May 10

1420	118	3:00 p.m. May 10	May 10
1720	119	3:02 p.m. May 10	May 10

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1101.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 413: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in St. Louis county; authorizing the conveyance of certain Willmar regional treatment center land to Kandiyohi county.

There has been appointed as such committee on the part of the House:

Rukavina, Tomassoni and Huntley.

Senate File No. 413 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1046: A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

There has been appointed as such committee on the part of the House:

Orenstein, McGuire and Weaver.

Senate File No. 1046 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1074: A bill for an act relating to natural resources; management of state-owned lands by the department of natural resources; deletion of land from Moose Lake state recreation area; private use of state trails; appropriating money; amending Minnesota Statutes 1992, sections 84.0273; 84.632; 85.015, by adding a subdivision; 86A.05, subdivision 14; 92.06, subdivision 1; 92.14, subdivision 2; 92.19; 92.29; 92.67, subdivision 5; 94.10; 94.11; 94.13; 94.343, subdivision 3; 94.348, subdivision 2; and 97A.135, subdivision 2, and by adding a subdivision.

There has been appointed as such committee on the part of the House:

Sekhon; Johnson, V. and Munger.

Senate File No. 1074 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1105: A bill for an act relating to health; extending the expiration date of certain advisory councils and committees; modifying provisions relating to lead abatement; changing regulation provisions for hotels, resorts, restaurants, and manufactured homes; providing penalties; amending Minnesota Statutes 1992, sections 15.059, subdivision 5; 144.73, subdivision 3; 144.871, subdivisions 2, 6, 7a, and by adding subdivisions; 144.872, subdivision 2; 144.873, subdivision 2; 144.874, subdivisions 1, 3, 4, and 6; 144.878, subdivisions 2 and 5; 157.01, subdivision 1; 157.03; 157.08; 157.081, subdivision 1; 157.09; 157.12; 157.14; 245.97, subdivision 6; 327.10; 327.11; 327.16, subdivision 5; 327.20, subdivision 1; 327.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; and 157; repealing Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; and 157.05, subdivisions 2 and 3.

There has been appointed as such committee on the part of the House:

Simoneau; Johnson, A. and Ozment.

Senate File No. 1105 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1275: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

There has been appointed as such committee on the part of the House:

Wagenius, Hausman and Weaver.

Senate File No. 1275 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1620, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1620: 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; amending Minnesota Statutes 1992, sections 8.15; 15.38, by adding a subdivision; 15.50, by adding a subdivision; 15A.083, by adding a subdivision; 196.051, subdivision 3; 196.054, subdivision 2; 198.16; 270.063; 303.13, subdivision 1; 303.21, subdivision 3; 322A.16; 333.20, subdivision 4; 333.22, subdivision 1; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-413; 336A.04, subdivision 3; 336A.09, subdivision 2; 349A.10, subdivision 5; 357.021, subdivisions 1a and 2; 357.022; 357.08; 357.18, subdivision 3; 386.61, by adding a subdivision; 386.65; 386.66; 386.67; 386.68; 386.69; 508.82; 508A.82; and 593.48; Laws 1989, chapter 335, article 3, section 44, as amended; proposing coding for new law in Minnesota Statutes, chapters 129D; 386; and 609; repealing Minnesota Statutes 1992, sections 386.61, subdivision 3; 386.63; 386.64; and 386.70.

Senate File No. 1620 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1613, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1613: A bill for an act relating to the organization and operation of state government; appropriating money for the departments of labor and industry, public service, jobs and training, housing finance, and other purposes with certain conditions; establishing and modifying certain programs; providing penalties; amending Minnesota Statutes 1992, sections 16B.06, subdivision 2a; 116J.617; 116J.982; 179.02, by adding a subdivision; 239.011, subdivision 2; 239.10; 239.791, subdivisions 6 and 8; 268.022, subdivision 2; 268.975, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 268.976, subdivision 2; 268.978, subdivision 1; 268.98; and 462A.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116J; 116M; 239; 268; and 462A; repealing Minnesota Statutes 1992, sections 116J.982, subdivisions 6a, 8, and 9; 239.05, subdivision 2c; 239.52; 239.78; 268.977; and 268.978, subdivision 3.

Senate File No. 1613 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

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. 1201, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1201: A bill for an act relating to health occupations and professions; board of psychology; extending deadline by which previously qualified persons may file a declaration of intent to seek licensure as a licensed psychologist without further examination; requiring the board to issue notices of extension; modifying reciprocity licensing requirement; providing for disciplinary actions; consolidating and modifying enforcement remedies; providing penalties; amending Minnesota Statutes 1992, sections 103I.345, subdivision 1; 116.75; 116.76, subdivision 1; 116.77; 116.82, subdivision 3; 144.71, subdivision 1; 145A.07, subdivision 1; 148.89, by adding a subdivision; 148.905, subdivision 1; 148.921, subdivisions 2 and 3; 148.925, subdivision 1; 148.98; 326.37, subdivision 1; 327.16, subdivision 6; and 327.20, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 144; and 148; repealing Minnesota Statutes 1992, sections 103I.701; 103I.705; 116.83; 144.1211; 144.386, subdivision 4; 144.73, subdivisions 2, 3, and 4; 144.76; 148.95; 157.081; 326.43; 326.53, subdivision 2; 326.63; 326.78, subdivisions 4, 6, 7, and 8; 326.79; 326.80; 327.18; and 327.24, subdivisions 1 and 2.

Senate File No. 1201 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1993

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1245:

H.F. No. 1245: A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

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

McGuire, Carruthers and Macklin have been appointed as such committee on the part of the House.

House File No. 1245 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 May 11, 1993

Ms. Ranum moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1245, 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. 1524:

H.F. No. 1524: A bill for an act relating to taxation; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; amending Minnesota Statutes 1992, sections

80A.12, by adding a subdivision; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, subdivisions 3 and 13; and 501B.25; repealing Minnesota Rules, part 2875.3532.

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

Rest, Dehler and Wagenius have been appointed as such committee on the part of the House.

House File No. 1524 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 May 11, 1993

Mr. Pogemiller moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1524, 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.

REPORTS OF COMMITTEES

Mr. Luther 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. 10: A bill for an act relating to education; establishing a youth apprenticeship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

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

Delete everything after the enacting clause and insert:

"Section 1. [126B.01] [PURPOSE.]

To better prepare all learners to make transitions between education and employment, a comprehensive system is established to:

(1) assist individuals in planning their futures by providing counseling and information about career opportunities;

(2) integrate opportunities for work-based learning, including occupation-specific apprenticeship programs, into the curriculum;

(3) promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and

(4) expand educational options available to students through collaborative efforts between secondary institutions, post-secondary institutions, business, industry, labor, and other interested parties.

Sec. 2. [126B.02] [EDUCATION TO EMPLOYMENT TRANSITIONS COUNCIL.]

(a) The education to employment transitions council is composed of the governor or the governor's designee, the commissioner of education, the commissioner of labor and industry, the commissioner of human services, the commissioner of jobs and training, the chancellor of the community college system, the chancellor of the technical college system, a representative of the higher education coordinating board selected by the board, the executive director of the state council of vocational technical education, a representative of business appointed by the governor, a representative of organized labor appointed by the governor, and a representative of Minnesota Technology, Inc., appointed by Minnesota Technology, Inc.

(b) The council shall:

(1) identify changes that must be made in post-secondary guidance and counselor preparation programs to facilitate workforce development;

(2) identify means of implementing career awareness and counseling at the elementary level, secondary level, and post-secondary level;

(3) ensure that graduation standards are met;

(4) identify means of using labor market forecasting to assist individuals engaged in career counseling;

(5) delineate the role of elementary schools, secondary schools, post-secondary institutions, employers, state agencies, and organized labor in the activities under this act;

(6) develop plans to meet the unique needs of sparsely populated areas in establishing a comprehensive youth apprenticeship program;

(7) develop plans to meet the unique needs of metropolitan areas in establishing a comprehensive youth apprenticeship program;

(8) advise the department of education concerning the implementation of a comprehensive youth apprenticeship program;

(9) approve industry and occupational skill standards recommended by the skills standards committees; and

(10) ensure that the comprehensive youth apprenticeship program established is consistent with state and federal education, labor, and job training policies including chapter 178 as it applies to youth apprenticeship.

Sec. 3. [126B.03] [COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAM.]

(a) The department of education, under the auspices of the education to employment transitions council, shall establish a comprehensive youth apprenticeship program to better prepare all learners to make transitions between education and employment.

(b) A comprehensive youth apprenticeship program:

(1) includes an organized sequence of career awareness, career information, and career counseling activities, beginning in the elementary grades and progressing through a student's high school years;

(2) is available to high school juniors and seniors who meet the criteria established by a particular apprenticeship program;

(3) provides a continuous curricular sequence that integrates academic and technical preparation with work-based learning, and a year-round employment experience;

(4) provides an industry-approved work-based learning and year-round employment experience;

(5) provides ongoing feedback to the student on the student's performance in both the academic and work-based learning components of the program; and

(6) allows a student to participate in the program for two to four years.

(c) Students participating in a two-year program must receive a high school diploma and an industry-approved occupational credential, and have the following options: entry-level employment, eligibility for advanced placement in a voluntary apprenticeship program, or admission to a post-secondary institution. Students participating in the four-year program must receive an associate degree and an industry-approved occupational credential.

Sec. 4. [126B.04] [INDUSTRY AND OCCUPATIONAL SKILLS STANDARDS COMMITTEES.]

(a) The education to employment transitions council shall establish and convene committees to develop and recommend industry and occupational skill standards for the industries in which apprentices are placed.

(b) Committee membership must consist of industry and trade representatives, employer representatives, and educators familiar with the skills, knowledge, and competencies of the industry. The council shall determine the membership of each committee it establishes.

(c) Each committee shall:

(1) establish the terms of each apprenticeship experience including a probationary period;

(2) identify the current and future skill needs of occupations selected for inclusion in the apprenticeship program;

(3) make recommendations on compensation for students participating in the program;

(4) delineate the eligibility criteria that must be met by applicants to a youth apprenticeship program;

(5) identify how a student's abilities will be assessed upon admission to the program, during the program, and at the conclusion of the program;

(6) specify the courses a student must take and the duration and nature of the worksite experience;

(7) determine the components of the training program for industry trainers;

(8) identify job sites for apprenticeships within each industry;

(9) establish competencies that must be demonstrated by student apprentices upon completion of the program;

(10) delineate means of integrating academic and technical preparation into youth apprenticeship programs; and

(11) develop an agreement to be signed by each participant that delineates, at a minimum:

(i) the goals a student must meet as a condition of successfully completing the program;

(ii) the manner in which a student's performance will be evaluated;

(iii) a timetable of program activities;

(iv) services and experiences to be provided by the employer; and

(v) the terms of the apprenticeship experience.

Sec. 5. [126B.05] [PILOT COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAMS.]

The department of education shall award up to five planning and implementation grants to establish comprehensive youth apprenticeship programs. The commissioner of education, with the assistance of the education to employment transitions council, shall establish criteria for evaluating grant proposals. The criteria established must include the components outlined in section 3. The commissioner of education shall develop and publicize the grant application process. The education to employment transitions council shall review and comment on the proposals submitted.

When the youth apprenticeship program is implemented student funding must be determined according to section 123.3514.

Sec. 6. [126B.06] [GENERAL PROVISIONS.]

(a) All state and federal laws relating to workplace health and safety apply to youth apprenticeships.

(b) The employment of a youth apprentice may not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed worker.

Sec. 7. [126B.07] [ENTREPRENEUR SCHOLARSHIP PROGRAM.]

An entrepreneur scholarship program is established. The higher education coordinating board may provide grants to a student or a group of students to facilitate the integration of academic and entrepreneurial skills. Each Minnesota public post-secondary campus must receive a grant for an entrepreneur scholarship.

Sec. 8. [126B.08] [ELIGIBILITY.]

To be eligible to receive a grant, a student must:

(1) be a resident of the state of Minnesota;

(2) be enrolled at least half time at a Minnesota public post-secondary campus; and

(3) submit a proposal to a knowledgeable review committee selected by the president of each Minnesota public post-secondary campus describing the entrepreneurial project to be undertaken.

Sec. 9. [126B.09] [PROPOSAL CONTENT.]

A proposal submitted by a student or group of students under section 8 must be evaluated using the following criteria:

(1) the prospect for job creation if the proposal were implemented on a broad scale basis;

(2) the degree of creativity demonstrated in development of the project;

(3) the potential success of the project;

(4) demonstration of the practical application of academic knowledge; and

(5) the originality of the project.

Sec. 10. [DEVELOPMENT OF CRITERIA.]

The commissioner of education shall develop the criteria required by section 5 by September 1, 1993.

Sec. 11. [APPROPRIATION.]

$1,000,000 is appropriated from the general fund to the commissioner of education for the education and employment transitions council to develop and implement comprehensive youth apprenticeship programs under section 5, to be available until June 30, 1995."

Delete the title and insert:

"A bill for an act relating to education; establishing a comprehensive youth apprenticeship system; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 126B."

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. 777 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.
777	612				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 777 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 777 and insert the language after the enacting clause of S.F. No. 612, the second engrossment; further, delete the title of H.F. No. 777 and insert the title of S.F. No. 612, the second engrossment.

And when so amended H.F. No. 777 will be identical to S.F. No. 612, and further recommends that H.F. No. 777 be given its second reading and substituted for S.F. No. 612, 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. 1529 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.
1529	1				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1529 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1529 and insert the language after the enacting clause of S.F. No. 1, the second engrossment; further, delete the title of H.F. No. 1529 and insert the title of S.F. No. 1, the second engrossment.

And when so amended H.F. No. 1529 will be identical to S.F. No. 1, and further recommends that H.F. No. 1529 be given its second reading and substituted for S.F. No. 1, 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. 1149 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.
1149	861				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1149 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1149 and insert the language after the enacting clause of S.F. No. 861, the second engrossment; further, delete the title of H.F. No. 1149 and insert the title of S.F. No. 861, the second engrossment.

And when so amended H.F. No. 1149 will be identical to S.F. No. 861, and further recommends that H.F. No. 1149 be given its second reading and substituted for S.F. No. 861, 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. Nos. 10, 777, 1529 and 1149 were read the second time.

MOTIONS AND RESOLUTIONS

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1062 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1062: A bill for an act relating to metropolitan government and urban planning; clarifying the applicability of comprehensive plans that conflict with official controls; establishing a metropolitan radio systems planning committee under the metropolitan council; amending Minnesota Statutes 1992, sections 462.357, subdivision 2; 473.858, subdivision 1; and 473.865, subdivision 1.

Mr. Mondale moved to amend S.F. No. 1062 as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 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~~ *including each metropolitan special taxing district as defined in paragraph (i), but excluding all other special taxing districts and towns*, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail.

(d) 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; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district, ~~the sum of~~ the *aggregate of all metropolitan special taxing districts as defined in paragraph (i), and for all other* special taxing districts *a total*, and as a total of the taxing authorities, including *all* 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. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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.

(e) 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;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a, and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672;

(3) metropolitan transit district under section 473.446;

(4) metropolitan mosquito control commission under section 473.711; and

(5) levies made by the regional railroad authorities in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under section 398A.04 or 398A.07.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 2. Minnesota Statutes 1992, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, *the metropolitan special taxing districts as defined in subdivision 3, paragraph (i),* 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, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

For a city that has a population of more than 1,000 but less than 2,500, *the metropolitan special taxing districts as defined in subdivision 3, paragraph (i),* the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than 10-point, except that the property tax amounts and percentages may be in 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, the first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than 14-point, except that the property tax amounts and percentages may be in 12-point type.

The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District/*Metropolitan Special Taxing Districts*) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county/*metropolitan special taxing districts* services that will be provided in 199__/school district services that will be provided in 199__ and 199__).

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/*metropolitan special taxing districts*) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address)."

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

Sec. 3. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city ~~and~~, county, *and metropolitan special taxing districts as defined in subdivision 3, paragraph (i),* shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year. *The hearing conducted by the metropolitan taxing districts shall be a joint hearing comprised of all of the taxing districts.*

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, *metropolitan special taxing district,* 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 124.82, subdivision 3, 124A.03, subdivision

2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 governing body of a county shall hold its hearing on the second Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August ~~15~~ *10*, 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. If a school board does not certify the dates by August ~~15~~ *10*, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. *The county auditor shall coordinate with the finance official of each metropolitan special taxing district as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their public hearing and any continuation.* By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts *and metropolitan special taxing 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. The city must not select dates that conflict with the county hearing dates, *the*

metropolitan special taxing district date, or with those elected by or assigned to the school districts in which the city is located.

The county hearing dates and the city, *metropolitan special taxing district*, and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns ~~and special taxing districts~~.

Sec. 4. Minnesota Statutes 1992, 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, *and the aggregate of all metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i)*, must be separately stated. The amounts due *all* other *special* taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's

gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

(6) the net tax payable in the manner required in paragraph (a); and

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1."

Page 2, after line 3, insert:

"Sec. 6. Minnesota Statutes 1992, section 473.13, subdivision 1, is amended to read:

Subdivision 1. [BUDGET.] On or before ~~October 1~~ *December 20* of each year the council, ~~after a~~ *at the* public hearing *required in section 275.065*, shall adopt a *final* budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over $10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than ~~October 1~~ *five working days after December 20*, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Sec. 7. Minnesota Statutes 1992, section 473.1623, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL REPORT.] By ~~December~~ *February* 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report

must cover the calendar year in which the report is published and the ~~two~~ *three* years preceding and ~~three~~ *two* years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

(1) financial policies, goals, and priorities;

(2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;

(3) the resources available under existing fiscal policy;

(4) additional resources, if any, that are or may be required;

(5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;

(6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;

(7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;

(8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and

(9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Sec. 8. Minnesota Statutes 1992, section 473.167, subdivision 4, is amended to read:

Subd. 4. [STATE REVIEW.] The council must certify its *proposed* property tax levy to the commissioner of revenue by ~~August 1~~ *September 15* of the levy year. The commissioner of revenue shall annually determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its *proposed* budget is within the levy limitation imposed by this section. The determination must be completed prior to ~~September~~ *November* 1 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 9. Minnesota Statutes 1992, section 473.249, subdivision 2, is amended to read:

Subd. 2. The council must certify its *proposed* property tax levy to the commissioner of revenue by ~~August 1~~ *September 15* of the levy year. The commissioner of revenue shall annually determine whether the ad valorem property tax certified by the metropolitan council for levy following the

adoption of its *proposed* budget is within the levy limitation imposed by this section. The determination shall be completed prior to ~~September~~ *November* 1 of each year. If current information regarding gross tax capacity in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current gross tax capacity within that county for purposes of making the calculation."

Page 6, after line 23, insert:

"*Sections 1 to 3 are effective for levies proposed in 1993, payable in 1994, and thereafter. Section 4 is effective for the property tax statements for taxes levied in 1993, payable in 1994, and thereafter.*"

Page 6, line 24, delete "*This act is*" and insert "*Sections 5 and 10 to 17 are*"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "providing that certain special taxing districts are subject to the truth in taxation provisions; making metropolitan council budget and levy certification dates consistent with the truth in taxation provisions;"

Page 1, line 7, after "sections" insert "275.065, subdivision 3, 5a, and 6; 276.04, subdivision 2;"

Page 1, line 8, after the first semicolon, insert "473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2;"

Ms. Kiscaden questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mrs. Pariseau moved to amend S.F. No. 1062 as follows:

Pages 1 and 2, delete sections 1 to 3

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, delete line 4

Page 1, line 5, delete "controls;"

Page 1, line 6, delete the semicolon and insert a period

Page 1, delete lines 7 to 9

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 28, as follows:

Those who voted in the affirmative were:

Beckman	Dille	Laidig	Metzen	Runbeck
Belanger	Frederickson	Langseth	Neuville	Stevens
Benson, D.D.	Hanson	Larson	Oliver	Terwilliger
Benson, J.E.	Johnson, D.E.	Lesewski	Olson	Vickerman
Berg	Johnston	Lessard	Pariseau	
Chmielewski	Kiscaden	McGowan	Price	
Day	Knutson	Merriam	Robertson	

Those who voted in the negative were:

Adkins	Cohen	Kelly	Morse	Samuelson
Anderson	Finn	Kroening	Murphy	Solon
Berglin	Flynn	Luther	Novak	Spear
Bertram	Janezich	Marty	Piper	Wiener
Betzold	Johnson, D.J.	Moe, R.D.	Ranum	
Chandler	Johnson, J.B.	Mondale	Sams	

The motion prevailed. So the amendment was adopted.

S.F. No. 1062 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 44 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Kiscaden	Morse	Robertson
Anderson	Cohen	Langseth	Murphy	Sams
Beckman	Finn	Lessard	Novak	Samuelson
Belanger	Flynn	Luther	Pappas	Solon
Berg	Hanson	Marty	Piper	Spear
Berglin	Janezich	Merriam	Pogemiller	Stumpf
Bertram	Johnson, D.J.	Metzen	Price	Vickerman
Betzold	Johnson, J.B.	Moe, R.D.	Ranum	Wiener
Chandler	Kelly	Mondale	Reichgott	

Those who voted in the negative were:

Benson, D.D.	Frederickson	Laidig	Oliver	Stevens
Benson, J.E.	Johnson, D.E.	Lesewski	Olson	Terwilliger
Day	Johnston	McGowan	Pariseau	
Dille	Knutson	Neuville	Runbeck	

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. 514 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 514: A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

Mr. Novak moved to amend H.F. No. 514, the unofficial engrossment, as follows:

Page 12, after line 20, insert:

"Sec. 20. Minnesota Statutes 1992, section 116I.07, subdivision 2, is amended to read:

Subd. 2. [NOTICE REQUIREMENT.] ~~An owner or lessee of any real property, or~~ A person ~~acting with the authority of an owner or lessee,~~ who installs or repairs agricultural drainage tile ~~on that property~~ shall be relieved of liability as provided in subdivision 1 only if that ~~owner, lessee or other person acting with authority notifies the designated agent of the owner or operator of the pipeline of the intention to install or repair drainage tile on the property at least seven days before that work commences. An owner or operator of a pipeline shall provide to the county auditor of each county in which that pipeline is located the name, address and phone number of the individual to whom notice shall be given as provided in this subdivision. Notice is effective if made in writing by certified mail to this designated agent of the owner or operator of the pipeline~~ *person gives oral or written notice to the One Call Excavation Notice System in compliance with section 216D.04.*

Sec. 21. Minnesota Statutes 1992, section 216D.01, subdivision 5, is amended to read:

Subd. 5. [EXCAVATION.] "Excavation" means an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives. Excavation does not include:

(1) ~~the repair or installation of agricultural drainage tile for which notice has been given as provided by section 116I.07, subdivision 2;~~

~~(2)~~ the extraction of minerals;

~~(3)~~ *(2)* the opening of a grave in a cemetery;

~~(4)~~ *(3)* normal maintenance of roads and streets if the maintenance does not change the original grade and does not involve the road ditch;

~~(5)~~ *(4)* plowing, cultivating, planting, harvesting, and similar operations in connection with growing crops, trees, and shrubs, unless any of these activities disturbs the soil to a depth of 18 inches or more;

~~(6) landscaping or~~ *(5)* gardening unless ~~one of the activities~~ *it* disturbs the soil to a depth of 12 inches or more; or

~~(7)~~ *(6)* planting of windbreaks, shelterbelts, and tree plantations, unless any of these activities disturbs the soil to a depth of 18 inches or more.

Sec. 22. Minnesota Statutes 1992, section 216D.04, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF EXCAVATION REQUIRED; CONTENTS.] (a) Except in an emergency, an excavator ~~or land surveyor~~ shall *and a land surveyor may* contact the notification center and provide an excavation or location notice at least 48 hours before beginning any excavation or boundary survey, excluding Saturdays, Sundays, and holidays. An excavation or boundary survey begins, for purposes of this requirement, the first time excavation or a boundary survey occurs in an area that was not previously identified by the excavator or land surveyor in an excavation or boundary survey notice.

(b) The excavation or boundary survey notice may be oral or written, and must contain the following information:

(1) the name of the individual providing the excavation or boundary survey notice;

(2) the precise location of the proposed area of excavation or boundary survey;

(3) the name, address, and telephone number of the excavator or land surveyor or excavator's or land surveyor's company;

(4) the excavator's or land surveyor's field telephone number, if one is available;

(5) the type and the extent of the proposed excavation or boundary survey work;

(6) whether or not the discharge of explosives is anticipated; and

(7) the date and time when excavation or boundary survey is to commence.

Sec. 23. Minnesota Statutes 1992, section 299J.06, subdivision 4, is amended to read:

Subd. 4. [TERMS; COMPENSATION; REMOVAL.] The terms, compensation, and removal of members are governed by section 15.0575. ~~The council expires on June 30, 1993.~~''

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. Morse moved to amend H.F. No. 514, the unofficial engrossment, as follows:

Page 14, line 13, strike everything after ''(2)''

Page 14, lines 14 and 16, strike the old language

Page 14, line 15, strike ''more than'' and delete ''*1,000,000*'' and strike ''gallons of oil or hazardous''

Page 14, line 17, strike ''(3)''

Page 14, line 21, strike ''(4)'' and insert ''*(3)*''

Page 14, line 24, strike ''(5)'' and insert ''*(4)*''

Page 14, line 26, strike ''100,000'' and insert ''*1,000,000*''

Page 14, line 30, strike ''(6)'' and insert ''*(5)*''

Page 14, line 33, strike ''(7)'' and insert ''*(6)*''

Pages 14 to 18, delete sections 2 to 5 and insert:

''Sec. 2. Minnesota Statutes 1992, section 115E.04, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF PREVENTION AND RESPONSE PLAN.] (a) *A person required to show specific preparedness under section 115E.03,*

subdivision 2, must submit a copy of the prevention and response plan ~~must be submitted~~ to any of the commissioners who request it and to an official of a political subdivision with appropriate jurisdiction upon the official's request, or the plan and equipment and material named in the plan may be examined upon the request of an authorized agent of a commissioner or official.

(b) Upon the request of one or more of the commissioners, a person shall demonstrate the adequacy of prevention and response plans and preparedness measures by conducting announced or unannounced drills, calling persons and organizations named in a prevention and response plan and verifying roles and capabilities, locating and testing response equipment, questioning response personnel, or other means that in the judgment of the requesting commissioner demonstrate preparedness. Before requesting an unannounced drill, the requesting commissioner shall notify the other commissioners that a drill will be requested and invite them to participate in or witness the drill. If an unannounced drill is conducted to the satisfaction of the commissioners, the person conducting the drill may not be required to conduct an additional unannounced drill in the same calendar year.

Sec. 3. [115E.045] [RESPONSE PLANS FOR TRUCKS AND CERTAIN TANK FACILITIES.]

Subdivision 1. [RESPONSE PLAN FOR TRUCKS.] *(a) By June 1, 1994, a person who owns or operates trucks or cargo trailer rolling stock transporting an average monthly aggregate total of more than 10,000 gallons of oil or hazardous substances as bulk cargo in this state shall prepare and maintain a prevention and response plan in accordance with this subdivision. The plan must include:*

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the type of rolling stock and the maximum potential discharge that could occur from the equipment;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) the telephone number of an individual or company with adequate personnel and equipment available to respond to a discharge, along with evidence that the individual or company and the individual responsible for preparing the plan have made arrangements for such response;

(6) a description of the training that the owner or operator's truck or cargo trailer operators have received in handling hazardous materials and the emergency response information available in the vehicle; and

(7) a description of the action that will be taken by a truck or cargo trailer owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 2. [RESPONSE PLAN FOR TANK FACILITIES WITH BETWEEN 10,000 AND 1,000,000 GALLONS OF STORAGE.] *(a) By June 1, 1994, a*

person who owns or operates a facility that stores more than 10,000 gallons but less than 1,000,000 gallons of oil or hazardous substances shall prepare and maintain a prevention and response plan in accordance with this subdivision. The abbreviated plan must include:

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the facility, tank capacities, spill prevention and secondary containment measures at the facility, and the maximum potential discharge that could occur at the facility;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) documentation that adequate personnel and equipment will be available to respond to a discharge, along with evidence that prearrangements for such response have been made;

(6) a description of the training employees at the facility receive in handling hazardous materials and in emergency response information; and

(7) a description of the action that will be taken by the facility owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 3. [NOTICE OF PLAN COMPLETION.] *A person required to prepare a response plan under this section shall notify the commissioner of public safety when the plan has been completed. Upon request, the person shall provide a copy of the plan to the commissioner of the pollution control agency.*

Subd. 4. [AGRICULTURAL CHEMICALS EXEMPT.] *This section does not apply to agricultural chemicals, as defined in section 18D.01, subdivision 3, that are subject to chapter 18B or 18C.*

Sec. 4. [115E.11] [DISPOSITION OF PENALTIES.]

Penalties collected for violations of this chapter or section 115.061 that are related to discharges or threatened discharges of petroleum must be deposited in the state treasury and credited to the petroleum tank release cleanup account."

Page 18, after line 3, insert:

"*Subdivision 1.* [LIMITING PENALTIES WHEN APPROPRIATE ACTION IS TAKEN.] *(a) The agency shall not seek or impose penalties against an owner or operator who has failed to report or recover a discharge under section 115.061, if the owner or operator:*

(1) submits an acceptable report under subdivision 2 or 3; and

(2) takes appropriate action to correct the discharge.

(b) This section does not affect:

(1) the obligation of the owner or operator under section 115.061 to recover discharged material once it has been discovered; or

(2) the authority of the agency, commissioner, or attorney general to order or compel investigations or corrective actions or to obtain information regarding discharges or releases.''

Page 18, line 4, delete ''*Subdivision 1*'' and insert ''*Subd. 2*''

Page 18, line 6, after ''*facilities*'' insert ''*, as defined in section 299J.02,*''

Page 18, line 9, delete everything after ''*discharged*'' and insert ''*before July 1, 1993,*''

Page 18, line 10, delete ''*date of this act*''

Page 18, line 36, delete ''*2*'' and insert ''*3*''

Page 20, delete lines 1 to 14 and insert:

''Sec. 6. Minnesota Statutes 1992, section 299A.50, is amended by adding a subdivision to read:

Subd. 3. [LONG TERM OVERSIGHT; TRANSITION.] *When a regional hazardous materials response team has completed its response to an incident, the commissioner shall notify the commissioner of the pollution control agency, which is responsible for assessing environmental damage caused by the incident and providing oversight of monitoring and remediation of that damage from the time the response team has completed its activities.*''

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. Morse then moved to amend H.F. No. 514, the unofficial engrossment, as follows:

Page 3, line 29, delete ''subdivision 2,''

Page 3, after line 29, insert:

''115C.07 [PETROLEUM TANK RELEASE COMPENSATION BOARD.]

Subdivision 1. [ESTABLISHMENT.] The petroleum tank release compensation board consists of the commissioner of the pollution control agency, the commissioner of commerce, ~~two representatives~~ *one representative* from the petroleum industry, *one public member,* and one ~~representative from the insurance industry~~ *person with experience in claims adjustment*. The governor shall appoint the members from the insurance and petroleum industry. The filling of positions reserved for industry representatives, vacancies, membership terms, payment of compensation and expenses, and removal of members are governed by section 15.0575. The governor shall designate the chair of the board.''

Page 3, delete lines 33 and 34

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. Morse then moved to amend H.F. No. 514, the unofficial engrossment, as follows:

Page 17, after line 32, insert:

"Sec. 5. [115E.061] [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) A person identified in section 115E.06, paragraph (a), who is rendering assistance in response to a discharge of oil is not liable for damages that result from actions taken or failed to be taken in the course of rendering care, assistance, or advice in accordance with the national contingency plan under the Oil Pollution Act of 1990, or as directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible person under chapter 115B or 115C;

(2) with respect to personal injury or wrongful death; or

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct."

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.

H.F. No. 514 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Metzen	Reichgott
Anderson	Dille	Knutson	Mondale	Riveness
Beckman	Finn	Krentz	Morse	Runbeck
Belanger	Flynn	Kroening	Murphy	Sams
Benson, D.D.	Frederickson	Laidig	Neuville	Solon
Benson, J.E.	Hanson	Langseth	Novak	Spear
Berg	Hottinger	Larson	Oliver	Stevens
Berglin	Janezich	Lesewski	Olson	Stumpf
Bertram	Johnson, D.E.	Lessard	Pappas	Terwilliger
Betzold	Johnson, D.J.	Luther	Pariseau	Vickerman
Chandler	Johnson, J.B.	Marty	Piper	Wiener
Chmielewski	Johnston	McGowan	Price	
Cohen	Kelly	Merriam	Ranum	

Ms. Robertson voted in the negative.

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

Mr. Luther moved that H.F. No. 1042 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 1042: A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

Mr. Samuelson moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Pages 52 and 53, delete section 62

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Lessard imposed a call of the Senate for the balance of the proceedings on H.F. No. 1042. The Sergeant at Arms was instructed to bring in the absent members.

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

Mr. Cohen moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 27, delete lines 4 to 9

The motion prevailed. So the amendment was adopted.

Mr. Cohen then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Pages 11 to 13, delete section 15 and insert:

"Sec. 15. [256.9792] [ARREARAGE COLLECTION PROJECTS.]

Subdivision 1. [ARREARAGE COLLECTIONS.] *Arrearage collection projects are created to increase the revenue to the state and counties, reduce AFDC expenditures for former public assistance cases, and increase payments of arrearages to persons who are not receiving public assistance by*

submitting cases for arrearage collection to collection entities, including but not limited to, the department of revenue and private collection agencies.

Subd. 2. [DEFINITIONS.] *(a) The definitions in this subdivision apply to this section.*

(b) "Public assistance arrearage case" means a case where current support may be due, no payment, with the exception of a tax offset, has been made within the last 90 days, and the arrearages are assigned to the public agency under section 256.74, subdivision 5.

(c) "Public authority" means the public authority responsible for child support enforcement.

(d) "Nonpublic assistance arrearage case" means a support case where arrearages have accrued that have not been assigned under section 256.74, subdivision 5.

Subd. 3. [AGENCY PARTICIPATION.] *(a) The collection remedy under this section is in addition to and not in substitution for any other remedy available by law to the public authority. The public authority remains responsible for the case even after collection efforts are referred to the department of revenue, a private agency, or other collection entity.*

(b) The department of revenue, a private agency, or other collection entity may not claim collections made on a case submitted by the public authority for a state tax offset under chapter 270A as a collection for the purposes of this project.

Subd. 4. [ELIGIBLE CASES.] *(a) For a case to be eligible for a collection project, the criteria in paragraphs (b) and (c) must be met. Any case from a county participating in the collections projects meeting the criteria under this subdivision must be submitted for collection.*

(b) Notice must be sent to the debtor, as defined in section 270A.03, subdivision 4, at the debtor's last known address at least 30 days before the date the collections effort is transferred. The notice must inform the debtor that the department of revenue or a private collections agency will use enforcement and collections remedies and may charge a fee of up to 30 percent of the arrearages. The notice must advise the debtor of the right to contest the debt on grounds limited to mistakes of fact. The debtor may contest the debt by submitting a written request for review to the public authority within 21 days of the date of the notice.

(c) The arrearages owed must be based on a court or administrative order. The arrearages to be collected must be at least $100 and must be at least 90 days past due. For nonpublic assistance cases referred to private agencies, the arrearages must be a docketed judgment under sections 548.09 and 548.091.

Subd. 5. [COUNTY PARTICIPATION.] *(a) The commissioner of human services shall designate the counties to participate in the projects, after requesting counties to volunteer for the projects.*

(b) The commissioner of human services shall designate which counties shall submit cases to the department of revenue, a private collection agency, or other collection entity.

Subd. 6. [FEES.] *A collection fee set by the commissioner of human services must be charged to the person obligated to pay the arrearages. The collection fee is in addition to the amount owed, and must be deposited by the commissioner of revenue in the state treasury and credited to the general fund to cover the costs of administering the program or retained by the private collection agency to cover the costs of administering the collection service.*

Subd. 7. [CONTRACTS.] *(a) The commissioner of human services may contract with the commissioner of revenue, private agencies, or other collection entities to implement the projects, charge fees, and exchange necessary information.*

(b) The commissioner of human services may provide an advance payment to the commissioner of revenue for collection services to be repaid to the department of human services out of subsequent collection fees.

(c) Summary reports of collections, fees, and other costs charged must be submitted monthly to the state office of child support enforcement.

Subd. 8. [REMEDIES.] *(a) The commissioner of revenue is authorized to use the tax collection remedies in sections 270.06, clause (7), 270.69 to 270.72, and 290.92, subdivision 23, and tax return information to collect arrearages. The statute of limitations provisions in chapter 270 do not apply to support arrearage cases.*

(b) Liens arising under paragraph (a) must be perfected by filing a notice of lien in the office of the county recorder or registrar of titles. The lien may be filed as long as the time period allowed by law for collecting the arrearages has not expired. The lien attaches to all property of the debtor within the state, both real and personal. The lien must be enforced under the provisions in section 270.69 relating to state tax liens."

The motion prevailed. So the amendment was adopted.

Mr. Cohen then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 5, line 27, delete the new language and insert "*as provided under subdivision 2*"

The motion prevailed. So the amendment was adopted.

Mr. Cohen then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 38, line 28, after the period, insert "*A motion to modify child support on the grounds stated in clause (6) may not be brought within one year of a previous motion under clause (6).*"

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

Mr. Lessard moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Pages 19 and 20, delete section 24

Page 36, line 14, delete "*An*"

Page 36, delete lines 15 to 24

Pages 36 and 37, delete section 43

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 2 and nays 57, as follows:

Messrs. Chmielewski and Lessard voted in the affirmative.

Those who voted in the negative were:

Adkins	Finn	Kroening	Neuville	Sams
Anderson	Flynn	Laidig	Oliver	Samuelson
Beckman	Frederickson	Langseth	Olson	Solon
Benson, D.D.	Hottinger	Larson	Pappas	Spear
Benson, J.E.	Janezich	Lesewski	Pariseau	Stevens
Berg	Johnson, D.E.	Luther	Piper	Stumpf
Berglin	Johnson, D.J.	Marty	Price	Terwilliger
Bertram	Johnson, J.B.	Merriam	Ranum	Vickerman
Betzold	Johnston	Moe, R.D.	Reichgott	Wiener
Chandler	Kiscaden	Mondale	Riveness	
Cohen	Knutson	Morse	Robertson	
Day	Krentz	Murphy	Runbeck	

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

Mr. Lessard then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 19, line 30, after the period, insert "*If an employer or union prevails in an action brought by the obligee or public authority under this paragraph, the court may award the employer or union all or part of the reasonable attorney fees incurred by the employer or union.*"

Page 36, line 22, after the period, insert "*If an employer or other payor of funds prevails in an action brought by the obligee or public authority under this paragraph, the court may award the employer or other payor of funds all or part of the reasonable attorney fees incurred by the employer or other payor of funds.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 40 and nays 21, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, D.J.	Murphy	Runbeck
Beckman	Dille	Kroening	Neuville	Sams
Benson, D.D.	Finn	Laidig	Novak	Samuelson
Benson, J.E.	Frederickson	Langseth	Oliver	Solon
Berg	Hanson	Larson	Olson	Stevens
Bertram	Hottinger	Lesewski	Pariseau	Stumpf
Chandler	Janezich	Lessard	Riveness	Terwilliger
Chmielewski	Johnson, D.E.	Mondale	Robertson	Vickerman

Those who voted in the negative were:

Berglin	Johnston	Marty	Piper	Wiener
Betzold	Kiscaden	Merriam	Price	
Cohen	Knutson	Moe, R.D.	Ranum	
Flynn	Krentz	Morse	Reichgott	
Johnson, J.B.	Luther	Pappas	Spear	

The motion prevailed. So the amendment was adopted.

Mr. Lessard then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 25, line 25, reinstate the stricken language

Page 25, lines 26 to 32, delete the new language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 25, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kroening	Novak	Runbeck
Beckman	Dille	Laidig	Oliver	Sams
Belanger	Frederickson	Langseth	Olson	Solon
Benson, J.E.	Hanson	Lesewski	Pariseau	Stevens
Berg	Johnson, D.E.	Lessard	Price	Stumpf
Bertram	Johnston	Metzen	Riveness	Terwilliger
Chmielewski	Knutson	Neuville	Robertson	Vickerman

Those who voted in the negative were:

Anderson	Finn	Johnson, J.B.	Merriam	Piper
Berglin	Flynn	Kiscaden	Mondale	Ranum
Betzold	Hottinger	Krentz	Morse	Reichgott
Chandler	Janezich	Luther	Murphy	Spear
Cohen	Johnson, D.J.	Marty	Pappas	Wiener

The motion prevailed. So the amendment was adopted.

Mr. Chandler moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 1, after line 23, insert:

"Section 1. Minnesota Statutes 1992, 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;

(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;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person; ~~or~~

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5)~~,~~; *or*

(14) data identifying child support obligors who have arrearages totalling more than $10,000 are public data, including data describing the amount of and basis for the arrearages.

(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).''

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Mr. Knutson moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 42, delete section 48

Page 42, lines 32 to 35, delete the new language and insert "*Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.*"

Page 43, lines 9 to 12, delete the new language and insert " *Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.*"

Page 43, delete section 51

Page 53, delete lines 26 to 28

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knutson then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 26, line 33, delete "*shall*" and insert "*may*"

Page 30, delete lines 11 and 12

Page 30, line 13, delete "*paragraph is contempt of court.*"

Mr. Knutson requested division of the amendment as follows:

First portion:

Page 26, line 33, delete "*shall*" and insert "*may*"

Second portion:

Page 30, delete lines 11 and 12

Page 30, line 13, delete "*paragraph is contempt of court.*"

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kroening	Merriam	Runbeck
Belanger	Dille	Laidig	Murphy	Sams
Benson, D.D.	Frederickson	Langseth	Neuville	Stevens
Benson, J.E.	Hanson	Larson	Oliver	Stumpf
Berg	Johnston	Lesewski	Olson	Terwilliger
Chmielewski	Knutson	Lessard	Pariseau	Vickerman

Those who voted in the negative were:

Anderson	Finn	Krentz	Novak	Riveness
Beckman	Flynn	Luther	Pappas	Robertson
Berglin	Hottinger	Marty	Piper	Spear
Bertram	Janezich	Metzen	Pogemiller	Wiener
Betzold	Johnson, D.J.	Moe, R.D.	Price	
Chandler	Johnson, J.B.	Mondale	Ranum	
Cohen	Kiscaden	Morse	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 amendment. The motion prevailed. So the second portion of the amendment was adopted.

Mr. Cohen moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 49, line 13, strike "felony" and insert "*gross misdemeanor*"

Page 49, line 14, strike the old language and delete the new language and insert "*one year or to payment of a fine of not more than $3,000, or*"

The motion prevailed. So the amendment was adopted.

Ms. Robertson moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 27, line 1, after "*parent*" insert "*or extended family member*"

The motion prevailed. So the amendment was adopted.

Mr. Neuville moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 31, after line 8, insert:

"Sec. 35. Minnesota Statutes 1992, section 518.551, is amended by adding a subdivision to read:

Subd. 5d. [ACCOUNTING OF EXPENDITURES.] *(a) If an obligor pays more than $400 per month in total child support to an obligee or physical custodian, the obligee or custodian shall annually provide a financial accounting to the obligor of how the child support has been spent for the expenses of the dependent child.*

(b) The financial accounting must be served by first-class mail by April 1 following each calendar year covered by the accounting and must include at least the following:

(1) the actual amount spent during the preceding calendar year for each child for clothing; medical and dental care; work-related child care; educational expenses; and any other expense required by the court to be itemized;

(2) the actual amount spent for food and housing for the obligee's entire family unit and the share prorated to each dependent child; and

(3) the signature of the obligee acknowledging the accuracy of the statement and certifying that all expenses were actually paid.

(c) The court may require a financial accounting under this subdivision from an obligee who receives $400 or less per month in child support for other reasonable cause.''

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 41, as follows:

Those who voted in the affirmative were:

Benson, J.E.	Johnston	Lessard	Pariseau	Terwilliger
Chmielewski	Laidig	McGowan	Runbeck	Vickerman
Day	Larson	Neuville	Samuelson	
Frederickson	Lesewski	Olson	Stevens	

Those who voted in the negative were:

Anderson	Flynn	Krentz	Novak	Sams
Beckman	Hottinger	Kroening	Oliver	Solon
Berglin	Janezich	Luther	Pappas	Spear
Bertram	Johnson, D.E.	Merriam	Piper	Stumpf
Betzold	Johnson, D.J.	Metzen	Pogemiller	Wiener
Chandler	Johnson, J.B.	Moe, R.D.	Ranum	
Cohen	Kelly	Mondale	Reichgott	
Dille	Kiscaden	Morse	Riveness	
Finn	Knutson	Murphy	Robertson	

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

Mr. Neuville then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 27, line 12, after ''support'' insert ''*or in determining whether to deviate from the guidelines*''

Page 28, line 29, after ''used'' insert ''*as a starting point*''

Mr. Neuville then moved to amend the second Neuville amendment to H.F. No. 1042 as follows:

Page 1, delete line 8

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

The question recurred on the second Neuville amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Mr. Neuville then moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 15, after line 9, insert:

''Sec. 19. Minnesota Statutes 1992, section 517.03, is amended to read:

517.03 [PROHIBITED MARRIAGES.]

The following marriages are prohibited:

(a) A marriage entered into before the dissolution of an earlier marriage of one of the parties becomes final, as provided in section 518.145 or by the law of the jurisdiction where the dissolution was granted;

(b) A marriage between an ancestor and a descendant, or between a brother and a sister, whether the relationship is by the half or the whole blood or by adoption;

(c) A marriage between an uncle and a niece, between an aunt and a nephew, or between first cousins, whether the relationship is by the half or the whole blood, except as to marriages permitted by the established customs of aboriginal cultures;

provided, however, that mentally retarded persons committed to the guardianship of the commissioner of human services and mentally retarded persons committed to the conservatorship of the commissioner of human services in which the terms of the conservatorship limit the right to marry, may marry on receipt of written consent of the commissioner. The commissioner shall grant consent unless it appears from the commissioner's investigation that the marriage is not in the best interest of the ward or conservatee and the public. The court administrator of the district court in the county where the application for a license is made by the ward or conservatee shall not issue the license unless the court administrator has received a signed copy of the consent of the commissioner of human services.

(d) Notwithstanding section 517.20, marriages contracted between persons of the same gender. Such contracts are not valid in this state.

Sec. 20. Minnesota Statutes 1992, section 518.01, is amended to read:

518.01 [VOID MARRIAGES.]

All marriages which are prohibited by section 517.03, *including marriages between persons of the same gender that are valid in other states,* shall be absolutely void, without any decree of dissolution or other legal proceedings; except if a person whose husband or wife has been absent for four successive years, without being known to the person to be living during that time, marries during the lifetime of the absent husband or wife, the marriage shall be void only from the time that its nullity is duly adjudged. If the absentee is declared dead in accordance with section 576.142, the subsequent marriage shall not be void."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Cohen questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Cohen moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 2, delete section 2

Pages 14 and 15, delete section 18

Pages 22 and 23, delete section 30

Page 32, strike line 12

Page 32, line 13, strike "to" and insert "*Effective July 1, 1994, all counties shall*"

Pages 44 to 48, delete section 53

Pages 49 to 51, delete sections 56 and 57

Page 52, line 5, delete "*goal of the*" and delete "*is to*" and insert "*shall*"

Page 52, line 6, after "*is*" insert "*simple, streamlined,*"

Page 52, line 8, delete everything after "*counsel*"

Page 52, line 9, delete "*January 15, 1994*" and insert "*by July 1, 1994*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knutson moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 26, line 33, after "*and*" insert "*it is presumed that the court*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Merriam	Sams
Belanger	Frederickson	Laidig	Metzen	Samuelson
Benson, D.D.	Hanson	Langseth	Neuville	Solon
Benson, J.E.	Johnson, D.E.	Larson	Novak	Stevens
Berg	Johnston	Lesewski	Olson	Terwilliger
Bertram	Kiscaden	Lessard	Pariseau	Vickerman
Day	Knutson	McGowan	Riveness	

Those who voted in the negative were:

Anderson	Finn	Krentz	Murphy	Reichgott
Beckman	Flynn	Luther	Oliver	Robertson
Berglin	Hottinger	Marty	Pappas	Runbeck
Betzold	Janezich	Moe, R.D.	Piper	Spear
Chandler	Johnson, D.J.	Mondale	Pogemiller	Wiener
Cohen	Kelly	Morse	Ranum	

The motion prevailed. So the amendment was adopted.

Ms. Runbeck moved to amend H.F. No. 1042, as amended pursuant to Rule 49, adopted by the Senate April 30, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 673.)

Page 26, line 36, before "*The*" insert "*Upon request of the noncustodial parent,*" and delete "*may*" and insert "*shall*"

Page 27, line 2, delete everything after "*working*"

Page 27, line 3, delete everything before the period and insert "*unless the*

noncustodial parent has a supervised visitation schedule, a restraining order limits contact between the noncustodial parent and child, or the court makes specific findings that this care arrangement would not be in the best interests of the child"

The motion prevailed. So the amendment was adopted.

H.F. No. 1042 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 65 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Knutson	Mondale	Reichgott
Anderson	Finn	Krentz	Morse	Riveness
Beckman	Flynn	Kroening	Murphy	Robertson
Belanger	Frederickson	Laidig	Neuville	Runbeck
Benson, D.D.	Hanson	Langseth	Novak	Sams
Benson, J.E.	Hottinger	Larson	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Solon
Berglin	Johnson, D.E.	Luther	Pappas	Spear
Bertram	Johnson, D.J.	Marty	Pariseau	Stevens
Betzold	Johnson, J.B.	McGowan	Piper	Stumpf
Chandler	Johnston	Merriam	Pogemiller	Terwilliger
Chmielewski	Kelly	Metzen	Price	Vickerman
Cohen	Kiscaden	Moe, R.D.	Ranum	Wiener

Messrs. Day and Lessard voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 512: A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

Senate File No. 512 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

Mr. Novak moved that the Senate do not concur in the amendments by the House to S.F. No. 512, 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. 653: A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

Senate File No. 653 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

Mr. Lessard moved that the Senate do not concur in the amendments by the House to S.F. No. 653, 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. 306: Messrs. Metzen, Riveness and Benson, D.D.

S.F. No. 694: Messrs. Marty, Chandler, Cohen, Belanger and Neuville.

S.F. No. 273: Messrs. Knutson, Chmielewski and Ms. Olson.

H.F. No. 1245: Ms. Ranum, Messrs. Merriam and Knutson.

H.F. No. 1524: Mr. Pogemiller, Mses. Flynn and Olson.

S.F. No. 512: Mr. Novak, Ms. Johnson, J.B. and Mr. Chandler.

S.F. No. 653: Messrs. Lessard, Merriam and Dille.

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

MEMBERS EXCUSED

Ms. Krentz was excused from the Session of today from 9:50 to 10:15 a.m. Mr. Riveness was excused from the Session of today from 8:30 to 10:30 a.m. Mr. Hottinger was excused from the Session of today from 9:30 to 10:30 a.m. Ms. Johnson, J.B. was excused from the Session of today from 9:00 to 10:00 a.m. Mr. Benson, D.D. was excused from the Session of today from 11:30 a.m. to 12:30 p.m. Mr. Johnson, D.J. was excused from the Session of today at 12:10 p.m. Mr. Stumpf was excused from the Session of today at 1:10 p.m. Messrs. Price and Solon were excused from the Session of today at 1:25 p.m. Mr. Pogemiller was excused from the Session of today for brief periods of time throughout the day.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Thursday, May 13, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-EIGHTH DAY

St. Paul, Minnesota, Thursday, May 13, 1993

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. James S. Bzoskie.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

The President declared a quorum present.

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

REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: Department of Public Safety Crime Victims Services, Annual and Biennial Reports, 1992; Metropolitan Council, Major Airport Planning Activities of the Metropolitan Council, 1992; Department of Health, Access to Obstetrical Services in Rural Minnesota, 1993; Department of Health, Reimbursement and the Use of Mid-Level Practitioners in Rural Minnesota, 1993; Department of Corrections, Intensive Community Supervision/ Intensive Supervised Release Program, 1993; Minnesota Early Childhood Care and Education Council, Licensing Report, 1993; Department of Human Services, Progress Report on the Coordination of Medical Assistance and the MinnesotaCare Plan, 1993; Department of Human Services, State-Operated Adult Mental Health Programs, Biennial Staffing Recommendations, 1993;

Department of Human Services, Managed Care Plan for Medical Assistance, General Assistance Medical Care and MinnesotaCare, 1993; Department of Finance, Prompt Payment Report, 1993; Department of Employee Relations, Summary of the State Employees Group Insurance Program, Biennial Report, 1991-92; Department of Employee Relations, Self-insured Workers' Compensation Program, Upper Extremity Repetitive Motion Injuries in State Employment, 1989-92; Interagency Long-Term Care Planning Committee, (INTERCOM), Biennial Report, 1991-92; Board of Aging, Resident and Family Advisory Council, Education Program, Progress Report, 1993; Department of Military Affairs, Effectiveness of the MN National Guard Incentives Program, 1993; Metropolitan Council, Trouble at the Core: The Twin Cities Under Stress, 1992; University of Minnesota Education and Training of Primary Care Physicians, 1993; Department of Jobs and Training, Support Services, Program Year 1991; Children's Integrated Fund Task Force, An Integrated Children's Mental Health System, 1993; Department of Human Services, Mental Health Report, 1993; Department of Human Services, Status Report on the Minnesota Consolidated Chemical Dependency Treatment Fund, 1993; Department of Human Services, New Chance Program, 1993; Capital City Cultural Resources Commission, Recommendations for Minnesota's Capital City: St. Paul—A Vibrant Center for Visitors, Education and Culture, 1993; Department of Corrections, MN Probation: A System in Crisis, 1993; Department of Health, Options for Home Care Licensure Fees, 1993; Department of Administration, Office on Volunteer Services, State of Service Report, Governor's Advisory Task Force on Mentoring and Community Service, 1993; Legislative Commission on Children, Youth and Their Families, 1993; Department of Employee Relations, Human Resources Management in Minnesota State Government, 1993; Northeastern Minnesota Telecommunity, Pilot Project, 1993; Department of Agriculture, Agricultural Land Preservation Program, Status Report, 1993; Department of Human Services, Integrated Funding Task Force Report on Children's Mental Health; Department of Public Service, Energy Policy and Conservation Report: Transition into the 21st Century, 1992; Department of Health, Subacute Care Report; Department of Human Services, Regional Treatment Center's Goal and Objectives, Annual Report; Southeastern MN Regional Telecommunications Advisory Council, A Regional Collaborative Approach to Statewide Telecommunications Development, 1993; Department of Finance, Actions Taken by the Legislative Advisory Commission, 1991-93; Department of Human Services, Report on the Establishment of Systems, 1993; Departments of Corrections and Human Services, Legislative Report, Sex Offender Treatment Fund, 1993; Mississippi River Parkway Commission of Minnesota, Annual Report, 1992; Department of Human Services, SAIL: Seniors Agenda for Independent Living, 1993; State Retirement System, Comprehensive Annual Financial Report, 1992; Department of Revenue, Tax Expenditure Budget, 1993-95; Department of Human Services, Alternatives to Public Guardianship and an Independent Office of Public Guardianship, 1993; Department of Agriculture, Weather Modification Activities, 1991-92; Board of Judicial Standards, Annual Report, 1992; Minnesota Early Childhood Care and Education Council, Follow-up Report, 1993; Department of Employee Relations, Supplement to Local Government Pay Equity Compliance Report, 1993; Office of the State Auditor, Revenue, Expenditures and Debt of Minnesota Counties, 1991; Office of the State Auditor, Revenues, Expenditures, and Debt of the Towns in Minnesota, 1992; Department of Health, An Update on the Nursing Home Regulatory Reform Project, 1993; Department of Health, "Especially for Children and Youth", 1993; MinnesotaCare,

Progress Report on the Coordination of Medical Assistance and the MinnesotaCare Plan, Report #2, 1993; Department of Human Services, Recommended Standards for Use When Investigating Reports of Maltreatment in Child Care Facilities, 1993; Department of Human Services, Preserving Families, 1992; Department of Human Services, Child Care Services Grants, Statewide Overview: 1992-93 Biennium; Department of Human Services, Disproportionate Population Adjustment (DPA) Payments under the Medical Assistance (MA) and the General Assistance Medical Care (GAMC) Programs, 1993; Department of Human Services, Services to Minnesotans with Developmental Disablities, 1994-95 Biennial State Plan; Department of Human Services, Minnesota's Child Care System and Executive Summary, 1993; Department of Human Services, Plan on the Downsizing the Marie Avenue Home of Dakota's Children, Inc.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	20	Res. No. 3	6:04 p.m. May 11	May 12
	157	120	5:45 p.m. May 11	May 12
	134	121	5:47 p.m. May 11	May 12
	1199	122	5:48 p.m. May 11	May 12
	385	123	5:50 p.m. May 11	May 12
	785	124	5:55 p.m. May 11	May 12
	807	125	5:57 p.m. May 11	May 12
	1442	126	6:02 p.m. May 11	May 12

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. 273: A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

There has been appointed as such committee on the part of the House:

Tompkins, Pugh and McGuire.

Senate File No. 273 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 694: A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

There has been appointed as such committee on the part of the House:

Carruthers, Delmont, Perlt, Blatz and Swenson.

Senate File No. 694 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 306: A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

There has been appointed as such committee on the part of the House:

Bergson, Opatz and Ozment.

Senate File No. 306 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 653: A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

There has been appointed as such committee on the part of the House:

Anderson, I.; Solberg and Goodno.

Senate File No. 653 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 512: A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

There has been appointed as such committee on the part of the House:

Jacobs, Kelley and Gruenes.

Senate File No. 512 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 692, 1184, 894 and 902.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 1115: A bill for an act relating to natural resources; modifying provisions relating to aquaculture; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 17.4982, subdivisions 1, 8, and by adding a subdivision; 17.4983, subdivision 2; 17.4984, subdivision 2; 17.4985, subdivisions 2 and 3; 17.4986, subdivision 2, and by adding a subdivision; 17.4991, subdivisions 3, 4, and by adding a subdivision; 17.4992, subdivision 3; 18B.26, subdivision 1; 97C.203; 97C.515, subdivision 4, and by adding a subdivision; 97C.525, subdivision 3; and 103G.2241; proposing coding for new law in Minnesota Statutes, chapter 17.

Senate File No. 1115 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1115 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1115 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chandler	Kiscaden	Metzen	Riveness
Anderson	Dille	Knutson	Morse	Robertson
Beckman	Frederickson	Kroening	Murphy	Runbeck
Belanger	Hanson	Langseth	Neuville	Spear
Benson, D.D.	Hottinger	Larson	Oliver	Stevens
Benson, J.E.	Johnson, D.E.	Lesewski	Olson	Vickerman
Berg	Johnson, D.J.	Lessard	Pappas	Wiener
Berglin	Johnson, J.B.	Luther	Pariseau	
Bertram	Johnston	Marty	Piper	
Betzold	Kelly	McGowan	Price	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 795:

H.F. No. 795: A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

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

Jennings, Reding and Osthoff have been appointed as such committee on the part of the House.

House File No. 795 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 May 12, 1993

Ms. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 795, 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. 238:

H.F. No. 238: A bill for an act relating to towns; providing that metropolitan town elections may take place on the general election day; amending Minnesota Statutes 1992, sections 365.51, subdivision 1, and by adding a subdivision; and 365.59.

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

Molnau, Cooper and Brown, C. have been appointed as such committee on the part of the House.

House File No. 238 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 May 12, 1993

Ms. Johnston moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 238, 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. 1063:

H.F. No. 1063: A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

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

Trimble, Peterson and Brown, K. have been appointed as such committee on the part of the House.

House File No. 1063 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 May 12, 1993

Ms. Wiener moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1063, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1387.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 12, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 1387: A bill for an act relating to employment; requiring Occupational Safety and Health Act compliance by certain independent contractors; requiring certain studies and reports on independent contractors; proposing coding for new law in Minnesota Statutes, chapter 182.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1313, now on General Orders.

MOTIONS AND RESOLUTIONS

Ms. Piper moved that S.F. No. 1104, No. 33 on General Orders, be stricken and returned to its author. The motion prevailed.

Mr. Berg moved that S.F. No. 366, No. 9 on General Orders, be stricken and returned to its author. The motion prevailed.

Ms. Pappas, Mr. Spear and Ms. Wiener introduced—

Senate Resolution No. 45: A Senate resolution commemorating the fifth anniversary of Shir Tikva Congregation.

Referred to the Committee on Rules and Administration.

Mr. Luther moved that H.F. No. 1499 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 1499: A bill for an act relating to consumer protection; providing for training requirements for manual or mechanical therapy; requiring diagnosis of a person's condition before therapy; providing for rulemaking; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 146.

Mr. Janezich moved that the amendment made to H.F. No. 1499 by the Committee on Rules and Administration in the report adopted May 11, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Janezich then moved to amend H.F. No. 1499 as follows:

Page 2, line 19, delete "*or training requirements*"

Page 2, line 20, delete "*licensed physicians,*" and delete the second comma

The motion prevailed. So the amendment was adopted.

Mr. Riveness moved to amend H.F. No. 1499 as follows:

Page 2, after line 25, insert:

"Sec. 2. Minnesota Statutes 1992, section 176.1351, is amended by adding a subdivision to read:

Subd. 4a. [INITIAL EVALUATION.] *An employee seeking treatment from a managed care plan must be allowed to choose between a health care provider licensed pursuant to chapter 147 or a health care provider licensed pursuant to section 148.06 for the purpose of performing an initial evaluation by the plan following an injury.*

Sec. 3. Minnesota Statutes 1992, section 176.136, is amended by adding a subdivision to read:

Subd. 1d. [EQUAL PAY FOR CERTAIN SERVICE.] *All health care providers licensed or registered to render the service shall be allowed the same fee for electric stimulation, application of hot pack or cold pack, ultrasound therapy, manual muscle stimulation, trigger point therapy, diathermy, and X-rays.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Kiscaden questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 1499 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	Dille	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Price	Vickerman
Betzold	Johnston	Merriam	Ranum	Wiener
Chandler	Kelly	Metzen	Reichgott	
Cohen	Kiscaden	Mondale	Riveness	
Day	Krentz	Morse	Robertson	

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

Mr. Luther moved that H.F. No. 777 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 777: A bill for an act relating to consumers; requiring certain disclosures when consumer reports are used for employment purposes; providing for access to consumer reports; amending Minnesota Statutes 1992, section 13C.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, section 13C.01, subdivision 2.

Mr. Merriam moved to amend H.F. No. 777, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 612.)

Page 4, line 25, after "*to*" insert "*:*

(1)"

Page 4, line 27, before the period, insert "*; or*

(2) a consumer report used for an investigation of a current violation of a criminal or civil statute by a current employee or an investigation of employee conduct for which the employer may be liable, until the investigation is completed"

The motion prevailed. So the amendment was adopted.

H.F. No. 777 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	Day	Krentz	Murphy	Reichgott
Anderson	Dille	Kroening	Neuville	Riveness
Beckman	Flynn	Laidig	Novak	Robertson
Belanger	Frederickson	Langseth	Oliver	Runbeck
Benson, D.D.	Hanson	Larson	Olson	Sams
Benson, J.E.	Hottinger	Lessard	Pappas	Spear
Berg	Janezich	Luther	Pariseau	Stevens
Berglin	Johnson, D.E.	Marty	Piper	Stumpf
Bertram	Johnson, D.J.	Merriam	Pogemiller	Terwilliger
Betzold	Johnston	Mondale	Price	Vickerman
Cohen	Kiscaden	Morse	Ranum	Wiener

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

Mr. Luther moved that H.F. No. 31 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 31: A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

Ms. Pappas moved to amend H.F. No. 31, the unofficial engrossment, as follows:

Page 1, line 8, delete "*an*" and insert "*a multimember advisory*"

Page 1, line 9, delete "*, legislative,*"

Page 1, line 10, after "*government*" insert "*and the non-legislator members of the multimember advisory agencies in the legislative branch*"

CALL OF THE SENATE

Ms. Pappas imposed a call of the Senate for the balance of the proceedings on H.F. No. 31. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 29 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Krentz	Murphy	Ranum
Berglin	Flynn	Kroening	Novak	Riveness
Bertram	Hottinger	Luther	Pappas	Spear
Betzold	Janezich	Merriam	Piper	Stumpf
Chandler	Johnson, D.J.	Mondale	Pogemiller	Wiener
Cohen	Johnson, J.B.	Morse	Price	

Those who voted in the negative were:

Adkins	Day	Laidig	Oliver	Sams
Beckman	Frederickson	Langseth	Olson	Samuelson
Belanger	Hanson	Larson	Pariseau	Stevens
Benson, D.D.	Johnson, D.E.	Lessard	Reichgott	Terwilliger
Benson, J.E.	Johnston	Marty	Robertson	Vickerman
Berg	Kiscaden	Neuville	Runbeck	

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

Ms. Pappas moved that H.F. No. 31 be laid on the table. The motion prevailed.

Mr. Luther moved that H.F. No. 623 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 623: A bill for an act relating to transportation; including in state transportation plan and development guide certain matters relating to metropolitan area; prohibiting federal block grant funds from being spent on trunk highways unless ancillary to public transit facilities; requiring compliance with comprehensive choice housing requirements before metropolitan council may approve proposed highway project or plan; adding metropolitan transit goals; amending Minnesota Statutes 1992, sections 174.03, subdivision 1a; 473.146, subdivision 3; 473.167, by adding a subdivision; and 473.371; proposing coding for new law in Minnesota Statutes, chapter 174.

Mr. Terwilliger moved to amend H.F. No. 623, as amended pursuant to Rule 49, adopted by the Senate May 10, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 474.)

Page 3, after line 26, insert:

"Sec. 4. Minnesota Statutes 1992, section 473.375, subdivision 13, is amended to read:

Subd. 13. [FINANCIAL ASSISTANCE.] The board may provide financial assistance to the commission and other providers as provided in sections 473.371 to 473.449 in furtherance of and in conformance with the implementation plan of the board. The board may ~~not~~ use the proceeds of bonds issued by the council under section 473.39 to provide capital assistance to private, for-profit operators of public transit."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Pappas moved to amend the Terwilliger amendment to H.F. No. 623 as follows:

Page 1, line 12, strike "The"

Page 1, line 13, strike "board may" and strike "use the proceeds of bonds issued by the council"

Page 1, lines 14 and 15, strike the old language

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

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

The roll was called, and there were yeas 22 and nays 38, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Knutson	Oliver	Stevens
Benson, D.D.	Johnson, D.E.	Laidig	Olson	Terwilliger
Benson, J.E.	Johnson, D.J.	Larson	Pariseau	
Day	Johnston	Lessard	Robertson	
Dille	Kiscaden	Neuville	Runbeck	

Those who voted in the negative were:

Adkins	Cohen	Luther	Pappas	Samuelson
Anderson	Flynn	Marty	Piper	Solon
Beckman	Hottinger	Merriam	Pogemiller	Spear
Berg	Johnson, J.B.	Metzen	Price	Stumpf
Berglin	Kelly	Mondale	Ranum	Vickerman
Bertram	Krentz	Morse	Reichgott	Wiener
Betzold	Kroening	Murphy	Riveness	
Chandler	Langseth	Novak	Sams	

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

H.F. No. 623 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 35 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Lessard	Murphy	Reichgott
Berglin	Hottinger	Luther	Novak	Riveness
Bertram	Johnson, D.J.	Marty	Pappas	Sams
Betzold	Johnson, J.B.	Merriam	Piper	Solon
Chandler	Kelly	Metzen	Pogemiller	Spear
Cohen	Krentz	Mondale	Price	Stumpf
Dille	Kroening	Morse	Ranum	Wiener

Those who voted in the negative were:

Adkins	Day	Knutson	Olson	Terwilliger
Beckman	Frederickson	Laidig	Pariseau	Vickerman
Belanger	Hanson	Langseth	Robertson	
Benson, D.D.	Johnson, D.E.	Larson	Runbeck	
Benson, J.E.	Johnston	Neuville	Samuelson	
Berg	Kiscaden	Oliver	Stevens	

So the bill passed and its title was agreed to.

Mr. Luther moved that H.F. No. 1529 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 1529: A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

Mrs. Pariseau moved to amend H.F. No. 1529, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1.)

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 116.02, subdivision 1, is amended to read:

Subdivision 1. A pollution control agency, designated as the Minnesota pollution control agency, is hereby created. ~~The agency shall consist of nine members appointed by the governor, by and with the advice and consent of the senate. One of such members shall be a person knowledgeable in the field of agriculture.~~

Sec. 2. [116.021] [TECHNICAL ADVISORY COUNCIL.]

Subdivision 1. [CREATION; MEMBERSHIP.] *The technical advisory council is created and is composed of five members appointed by the governor. At least three of the five members shall each have an advanced degree in a physical science. The terms of the members are coterminous with the governor who appoints them.*

Subd. 2. [COMPENSATION.] *Compensation for members shall be set pursuant to section 15.059, subdivision 3.*

Subd. 3. [REMOVAL.] *A member may be removed from the council pursuant to section 15.059, subdivision 4.*

Subd. 4. [EXPIRATION.] *Notwithstanding section 15.059, subdivision 5, the council shall not expire.*

Subd. 5. [PURPOSE.] *The purpose of the technical advisory council is to advise the commissioner as to the various technical and policy issues pertaining to pollution control which are under the authority of the pollution control agency.*''

Page 7, after line 28, insert:

''Sec. 8. [REVISOR INSTRUCTION.]

In Minnesota Statutes and Minnesota Rules, where the term ''pollution control agency'' or similar terms mean the board of the pollution control agency, the revisor of statutes shall change the term ''pollution control agency'' or similar terms so as to assign any duties of the board to the commissioner of the pollution control agency.

Sec. 9. [REPEALER.]

Minnesota Statutes 1992, section 116.02, subdivisions 2, 3, and 4, are repealed.''

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 1529, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1.)

Page 1, delete line 22

Page 1, line 23, delete everything before ''*achieve*'' and insert:

''*Reorganization must*''

Page 3, line 35, delete ''*recommending changes in*'' and insert ''*changing*''

Page 4, lines 3 and 26, delete "*listed in*" and insert "*affected by*"

Page 4, line 36, after "*agencies*" insert "*in accordance with section 5*"

Page 5, line 20, before "AGENCIES" insert "ABOLITION OF" and delete everything after "DUTIES"

Page 5, line 21, delete "TASK FORCE"

Page 5, lines 22 and 31, delete "*The governmental structure*"

Page 5, delete lines 23 and 24

Page 5, line 25, delete everything before the second "*the*"

Page 5, line 30, after "*board*" insert "*are abolished*"

Page 5, delete lines 32 and 33

Page 5, line 34, delete everything before "*The*" and insert "*(a)*"

Page 5, line 35, after "*agriculture*" insert "*are abolished*"

Page 5, line 36, delete "*(i)*" and insert "*(1)*"

Page 6, lines 3 and 23, delete "*(ii)*" and insert "*(2)*"

Page 6, lines 5 and 25, delete "*(iii)*" and insert "*(3)*"

Page 6, lines 7 and 27, delete "*(iv)*" and insert "*(4)*"

Page 6, lines 9 and 29, delete "*(v)*" and insert "*(5)*"

Page 6, lines 11 and 31, delete "*(vi)*" and insert "*(6)*"

Page 6, lines 13 and 33, delete "*(vii)*" and insert "*(7)*"

Page 6, lines 15 and 35, delete "*(viii)*" and insert "*(8)*"

Page 6, line 17, delete "*(ix)*" and insert "*(9)*"

Page 6, line 18, delete the semicolon and insert a period

Page 6, line 19, delete "*(2)*" and insert "*(b)*"

Page 6, line 20, before the colon, insert "*are abolished*"

Page 6, line 21, delete "*(i)*" and insert "*(1)*"

Page 7, line 1, delete "*(ix)*" and insert "*(9)*"

Page 7, line 3, delete "*(x)*" and insert "*(10)*"

Page 7, line 5, delete "*(xi)*" and insert "*(11)*"

Page 7, lines 6, 16, and 19, delete the semicolon and insert a period

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

Page 7, lines 8, 18, and 21, before the colon, insert "*are abolished*"

Page 7, lines 9 and 22, delete "*(i)*" and insert "*(1)*"

Page 7, lines 11 and 24, delete "*(ii)*" and insert "*(2)*"

Page 7, line 13, delete "*(iii)*" and insert "*(3)*"

Page 7, line 15, delete "*(iv)*" and insert "*(4)*"

Page 7, line 17, delete "*(4)*" and insert "*(d)*"

Page 7, line 20, delete "*(5)*" and insert "*(e)*"

Page 7, line 26, delete "*(6)*" and insert "*(f)*"

Page 7, line 28, after "*473.849*" insert ", *are abolished*"

Page 7, after line 28, insert:

"*Subd. 3.* [EFFECTIVE DATE.] *This section is effective July 1, 1995, and does not affect functions of the affected agencies relating to special or dedicated funds and accounts during the biennium beginning July 1, 1993.*

Sec. 6. [BUDGET FOR NEXT BIENNIUM.]

In preparing a proposed budget for the biennium beginning July 1, 1995, the governor shall include an amount to cover the functions performed and services provided by the agencies abolished in section 5, subdivision 1, and the functions abolished by section 5, subdivision 2. The general fund amount allocated for those functions and services must be at least equal to the amount appropriated for those functions and services in fiscal years 1994 and 1995, adjusted for inflation as measured by the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor. The budget must include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget may not require the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. The governor's budget must be in conformance with any reorganization plan enacted by the legislature in 1994 in response to the recommendation submitted by the task force under section 3. If no reorganization plan is enacted in 1994, the governor's budget must take into account the reorganization recommendations of the task force, as well as any additional or alternative recommendations of the governor."

Page 7, line 29, delete "6" and insert "7"

Page 7, line 30, delete "*This act*" and insert "*Section 3*"

Mr. Frederickson requested division of the amendment as follows:

First portion:

Page 1, delete line 22

Page 1, line 23, delete everything before "*achieve*" and insert:

"*Reorganization must*"

Page 3, line 35, delete "*recommending changes in*" and insert "*changing*"

Page 4, lines 3 and 26, delete "*listed in*" and insert "*affected by*"

Page 4, line 36, after "*agencies*" insert "*in accordance with section 5*"

Page 5, line 20, before "AGENCIES" insert "ABOLITION OF" and delete everything after "DUTIES"

Page 5, line 21, delete "TASK FORCE"

Page 5, lines 22 and 31, delete "*The governmental structure*"

Page 5, delete lines 23 and 24

Page 5, line 25, delete everything before the second "*the*"

Page 5, line 30, after "*board*" insert "*are abolished*"

Page 5, delete lines 32 and 33

Page 5, line 34, delete everything before "*The*" and insert "*(a)*"

Page 5, line 35, after "*agriculture*" insert "*are abolished*"

Page 5, line 36, delete "*(i)*" and insert "*(1)*"

Page 6, lines 3 and 23, delete "*(ii)*" and insert "*(2)*"

Page 6, lines 5 and 25, delete "*(iii)*" and insert "*(3)*"

Page 6, lines 7 and 27, delete "*(iv)*" and insert "*(4)*"

Page 6, lines 9 and 29, delete "*(v)*" and insert "*(5)*"

Page 6, lines 11 and 31, delete "*(vi)*" and insert "*(6)*"

Page 6, lines 13 and 33, delete "*(vii)*" and insert "*(7)*"

Page 6, lines 15 and 35, delete "*(viii)*" and insert "*(8)*"

Page 6, line 17, delete "*(ix)*" and insert "*(9)*"

Page 6, line 18, delete the semicolon and insert a period

Page 6, line 19, delete "*(2)*" and insert "*(b)*"

Page 6, line 20, before the colon, insert "*are abolished*"

Page 6, line 21, delete "*(i)*" and insert "*(1)*"

Page 7, line 1, delete "*(ix)*" and insert "*(9)*"

Page 7, line 3, delete "*(x)*" and insert "*(10)*"

Page 7, line 5, delete "*(xi)*" and insert "*(11)*"

Page 7, lines 6, 16, and 19, delete the semicolon and insert a period

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

Page 7, lines 8, 18, and 21, before the colon, insert "*are abolished*"

Page 7, lines 9 and 22, delete "*(i)*" and insert "*(1)*"

Page 7, lines 11 and 24, delete "*(ii)*" and insert "*(2)*"

Page 7, line 13, delete "*(iii)*" and insert "*(3)*"

Page 7, line 15, delete "*(iv)*" and insert "*(4)*"

Page 7, line 17, delete "*(4)*" and insert "*(d)*"

Page 7, line 20, delete "*(5)*" and insert "*(e)*"

Page 7, line 26, delete "*(6)*" and insert "*(f)*"

Page 7, line 28, after "*473.849*" insert ", *are abolished*"

Page 7, after line 28, insert:

"*Subd. 3.* [EFFECTIVE DATE.] *This section is effective July 1, 1995, and does not affect functions of the affected agencies relating to special or dedicated funds and accounts during the biennium beginning July 1, 1993.*"

Second portion:

Page 7, after line 28, insert:

"Sec. 6. [BUDGET FOR NEXT BIENNIUM.]

In preparing a proposed budget for the biennium beginning July 1, 1995, the governor shall include an amount to cover the functions performed and services provided by the agencies abolished in section 5, subdivision 1, and the functions abolished by section 5, subdivision 2. The general fund amount allocated for those functions and services must be at least equal to the amount appropriated for those functions and services in fiscal years 1994 and 1995, adjusted for inflation as measured by the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor. The budget must include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget may not require the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. The governor's budget must be in conformance with any reorganization plan enacted by the legislature in 1994 in response to the recommendation submitted by the task force under section 3. If no reorganization plan is enacted in 1994, the governor's budget must take into account the reorganization recommendations of the task force, as well as any additional or alternative recommendations of the governor."

Page 7, line 29, delete "6" and insert "7"

Page 7, line 30, delete "*This act*" and insert "*Section 3*"

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 prevailed. So the second portion of the amendment was adopted.

Ms. Kiscaden moved to amend H.F. No. 1529, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1.)

Page 7, after line 28, insert:

"Sec. 6. [HEALTH AND HUMAN SERVICES REORGANIZATION ACT OF 1993.]

Sections 6 to 8 may be cited as the health and human services reorganization act of 1993.

Sec. 7. [LEGISLATION IMPLEMENTING HUMAN SERVICES SYSTEM RECOMMENDATIONS OF THE COMMISSION ON REFORM AND EFFICIENCY.]

For the purposes of this section, "local district" means local health and human services district.

No later than February 15, 1995, the departments of human services and health, under the supervision of the secretary of health and human services, jointly shall submit proposed legislation to the legislature which:

(a) consolidates local health and human services planning and administration into no more than 44 local districts in the state, with a minimum population of 30,000 in each district;

(b) identifies target populations, establishes services eligibility priorities, and provides a list of minimum and adequate services that meet basic needs of Minnesota citizens, for the purposes of a local district grant; and

(c) establishes a consolidated fund to create a new local district grant and allocation formula for distribution of local district grants. Up to 70 percent of local district grant money must be distributed to local districts to fund the established minimum and adequate services, and 30 to 40 percent must be allocated to local districts in the form of block grants. The funds included in a local district grant must, at a minimum, include community social services block grant funds, community health services grant funds, non-Medicaid aging services funds, state mental health grants, and state regional treatment center funding, excluding funding for the state security hospital.

In preparing this legislation, the agencies shall consult with representatives of counties and local public health and social services agencies.

Sec. 8. [AGENCY REPORTS TO THE LEGISLATURE.]

Under the supervision of the secretary of health and human services, the departments of health, human services, veterans affairs, jobs and training, corrections, and the Minnesota housing finance agency, as applicable, shall report to the legislature by February 15, 1995, on each agency's plan to:

(a) fully adopt a focus on results in budgeting, the provision of technical assistance, awarding grants and contracts, and negotiating fees and reimbursement for all human services programs;

(b) review agency rules and encourage regulated entities to apply for waivers from agency rules; and

(c) employ new methods of enforcement of state laws and regulations relating to human services which include rewards for outstanding performance as well as graduated sanctions for poor performance."

Page 7, line 30, delete "*This act is*" and insert "*Sections 1 to 5 are*" and after the period, insert "*Except where otherwise provided, sections 6 to 8 are effective July 1, 1993.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Mondale questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 1529 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 9, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Pappas	Solon
Anderson	Hanson	Langseth	Pariseau	Spear
Beckman	Hottinger	Larson	Piper	Stevens
Belanger	Janezich	Lessard	Pogemiller	Stumpf
Benson, D.D.	Johnson, D.J.	Luther	Price	Terwilliger
Benson, J.E.	Johnson, J.B.	Mondale	Ranum	Vickerman
Berglin	Johnston	Morse	Reichgott	Wiener
Betzold	Kelly	Murphy	Robertson	
Cohen	Kiscaden	Neuville	Runbeck	
Day	Knutson	Oliver	Sams	
Dille	Krentz	Olson	Samuelson	

Those who voted in the negative were:

Berg	Chandler	Johnson, D.E.	Marty	Novak
Bertram	Frederickson	Laidig	Merriam	

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

Mr. Luther moved that H.F. No. 1081 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 1081: A bill for an act relating to commerce; regulating collection agencies; modifying prohibited practices; requiring notification to the commissioner upon certain employee terminations; repealing inconsistent surety bond and term and fee rules; regulating credit services organizations; modifying registration and bond requirements; modifying enforcement powers; amending Minnesota Statutes 1992, sections 332.37; 332.54, subdivision 1, and by adding subdivisions; 332.55; and 332.59; proposing coding for new law in Minnesota Statutes, chapter 332; repealing Minnesota Rules, parts 2870.1300; and 2870.1600.

Ms. Wiener moved to amend H.F. No. 1081, as amended pursuant to Rule 49, adopted by the Senate May 10, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1597.)

Page 5, line 15, reinstate the stricken "A violation of sections"

Page 5, lines 16 to 19, reinstate the stricken language

Page 5, line 20, reinstate the stricken "to 332.58."

The motion prevailed. So the amendment was adopted.

H.F. No. 1081 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	Dille	Knutson	Murphy	Runbeck
Anderson	Flynn	Krentz	Neuville	Sams
Beckman	Frederickson	Kroening	Novak	Samuelson
Belanger	Hanson	Laidig	Oliver	Spear
Benson, J.E.	Hottinger	Langseth	Olson	Stevens
Berg	Janezich	Larson	Pappas	Stumpf
Berglin	Johnson, D.E.	Lessard	Pariseau	Terwilliger
Bertram	Johnson, D.J.	Luther	Piper	Vickerman
Betzold	Johnson, J.B.	Marty	Pogemiller	Wiener
Chandler	Johnston	Merriam	Price	
Cohen	Kelly	Mondale	Reichgott	
Day	Kiscaden	Morse	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Ms. Pappas moved that H.F. No. 31 be taken from the table. The motion prevailed.

H.F. No. 31: A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

CALL OF THE SENATE

Ms. Pappas imposed a call of the Senate for the balance of the proceedings on H.F. No. 31. The Sergeant at Arms was instructed to bring in the absent members.

RECONSIDERATION

Having voted on the prevailing side, Ms. Reichgott moved that the vote whereby the Pappas amendment to H.F. No. 31 was not adopted on May 13, 1993, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 34 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Knutson	Murphy	Ranum
Anderson	Flynn	Krentz	Neuville	Reichgott
Berglin	Hottinger	Kroening	Novak	Solon
Bertram	Janezich	Luther	Pappas	Spear
Betzold	Johnson, D.J.	Metzen	Piper	Stumpf
Chandler	Johnson, J.B.	Mondale	Pogemiller	Wiener
Cohen	Kelly	Morse	Price	

Those who voted in the negative were:

Belanger	Frederickson	Langseth	Olson	Samuelson
Benson, D.D.	Johnson, D.E.	Larson	Pariseau	Stevens
Benson, J.E.	Johnston	Lessard	Robertson	Terwilliger
Berg	Kiscaden	Marty	Runbeck	Vickerman
Day	Laidig	Oliver	Sams	

The motion prevailed. So the vote was reconsidered.

The question recurred on the Pappas amendment. The motion prevailed. So the amendment was adopted.

Mr. Terwilliger moved to amend H.F. No. 31, the unofficial engrossment, as follows:

Pages 1 and 2, delete sections 1 and 2

Page 2, 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.

Ms. Pappas moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Olson	Stevens
Beckman	Dille	Laidig	Pariseau	Terwilliger
Belanger	Frederickson	Larson	Robertson	Vickerman
Benson, D.D.	Johnson, D.E.	Lessard	Runbeck	
Benson, J.E.	Johnston	Neuville	Sams	
Berg	Kiscaden	Oliver	Samuelson	

Those who voted in the negative were:

Anderson	Hottinger	Marty	Pappas	Solon
Berglin	Johnson, D.J.	Merriam	Piper	Spear
Bertram	Johnson, J.B.	Metzen	Pogemiller	Stumpf
Betzold	Kelly	Mondale	Price	Wiener
Chandler	Krentz	Morse	Ranum	
Cohen	Kroening	Murphy	Reichgott	
Flynn	Luther	Novak	Riveness	

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

H.F. No. 31 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 24, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Marty	Pappas	Solon
Beckman	Hottinger	Merriam	Piper	Spear
Berglin	Johnson, D.J.	Metzen	Pogemiller	Stumpf
Bertram	Johnson, J.B.	Mondale	Price	Terwilliger
Betzold	Krentz	Morse	Ranum	Vickerman
Chandler	Kroening	Murphy	Reichgott	Wiener
Cohen	Luther	Novak	Riveness	

Those who voted in the negative were:

Adkins	Day	Kiscaden	Neuville	Runbeck
Belanger	Dille	Knutson	Oliver	Sams
Benson, D.D.	Frederickson	Laidig	Olson	Samuelson
Benson, J.E.	Johnson, D.E.	Langseth	Pariseau	Stevens
Berg	Johnston	Larson	Robertson	

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

Mr. Luther moved that S.F. No. 553 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

S.F. No. 553: A bill for an act relating to retirement; Minneapolis and St. Paul teacher retirement fund associations; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1987, chapter 372, article 3, section 1.

Mr. Riveness moved to amend S.F. No. 553 as follows:

Page 4, line 10, delete "*aids*" and insert "*revenue*"

Page 4, line 11, after "*formula*" insert "*allowance under section 124A.22, subdivision 2,*"

Page 4, line 35, delete "*aids*" and insert "*revenue*" and after "*formula*" insert "*allowance under section 124A.22, subdivision 2,*"

The motion prevailed. So the amendment was adopted.

S.F. No. 553 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Cohen	Krentz	Murphy	Riveness
Anderson	Day	Kroening	Neuville	Robertson
Beckman	Flynn	Laidig	Novak	Runbeck
Belanger	Hottinger	Langseth	Oliver	Sams
Benson, D.D.	Janezich	Lessard	Olson	Samuelson
Benson, J.E.	Johnson, D.E.	Luther	Pappas	Solon
Berg	Johnson, D.J.	Marty	Pariseau	Stevens
Berglin	Johnson, J.B.	Merriam	Piper	Stumpf
Bertram	Johnston	Metzen	Pogemiller	Terwilliger
Betzold	Kiscaden	Mondale	Ranum	Vickerman
Chandler	Knutson	Morse	Reichgott	Wiener

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

Mr. Luther moved that H.F. No. 836 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 836: A bill for an act relating to game and fish; sale of licenses through subagents; amending Minnesota Statutes 1992, section 97A.485, subdivision 4.

Mr. Samuelson moved to amend H.F. No. 836, the unofficial engrossment, as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 86B.101, subdivision 2, is amended to read:

Subd. 2. [YOUTH WATERCRAFT SAFETY COURSE.] (a) The commissioner shall establish an educational course and a testing program for watercraft operators and for persons age ~~13~~ *12* or older but younger than age 18 required to take the watercraft safety course. The commissioner shall prescribe a written test as part of the course.

(b) The commissioner shall issue a watercraft operator's permit to a person age ~~13~~ *12* or older but younger than age 18 who successfully completes the educational program and the written test.

Sec. 2. Minnesota Statutes 1992, section 86B.305, subdivision 1, is amended to read:

Subdivision 1. [UNDER AGE ~~13~~ *12.*] Except in case of an emergency, a person under age ~~13~~ *12* may not operate or be allowed to operate a watercraft propelled by a motor with a factory rating of more than 24 horsepower unless there is present in the watercraft, in addition to the operator, the operator's parent or legal guardian or at least one person of the age 18 or older.

Sec. 3. Minnesota Statutes 1992, section 86B.305, subdivision 2, is amended to read:

Subd. 2. [AGE ~~13~~ *12* TO 17; PERMIT REQUIRED.] Except as provided in this subdivision, a person age ~~13~~ *12* or older and younger than age 18 may not operate a motorboat powered by a motor over 24 horsepower without possessing a valid watercraft operator's permit from this state or from the operator's state of residence unless there is a person age 18 or older in the motorboat."

Page 1, after line 26, insert:

"Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 3 are effective June 1, 1993."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Terwilliger moved to amend H.F. No. 836, the unofficial engrossment, as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 86B.820, subdivision 14, is amended to read:

Subd. 14. [WATERCRAFT.] "Watercraft" means a device used or designed for navigation on water that is greater than 16 feet in length, as defined in section 86B.005, subdivision 6, but does not include:

(1) a row-type fishing boat of single hull construction, with oar locks and an outboard motor capacity rating of less than 40 horsepower;

(2) a canoe;

(3) a kayak;

(4) *a rowing shell or scull;*

(5) a ship's lifeboat;

~~(5)~~ *(6)* a vessel of at least five net tons measured in Code of Federal Regulations, title 46, part 69, that is documented under Code of Federal Regulations, title 46, subpart 67.01; or

~~(6)~~ *(7)* a seaplane."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Runbeck moved to amend H.F. No. 836, the unofficial engrossment, as follows:

Page 1, after line 26, insert:

"Sec. 3. Minnesota Statutes 1992, section 97C.401, is amended to read:

97C.401 [~~COMMISSIONER AUTHORIZED TO PRESCRIBE~~ LIMITS.]

Subdivision 1. [*COMMISSIONER AUTHORIZED TO PRESCRIBE* LIMITS.] Unless otherwise provided in this chapter, the commissioner shall, by rule, prescribe the limits on the number of each species of fish that may be taken in one day and the number that may be possessed.

Subd. 2. [WALLEYE; NORTHERN PIKE.] *(a) Except as provided in paragraphs (b) and (c), a person may take no more than one walleye larger than 22 inches and one northern pike larger than 30 inches daily.*

(b) The restrictions in paragraph (a) do not apply to boundary waters except Lake of the Woods.

(c) On Lake of the Woods, a person may take no more than one walleye larger than 19.5 inches and one northern pike larger than 30 inches daily."

Amend the title accordingly

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

H.F. No. 836 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Novak	Samuelson
Anderson	Frederickson	Laidig	Oliver	Solon
Beckman	Hanson	Langseth	Pappas	Spear
Belanger	Hottinger	Larson	Pariseau	Stevens
Benson, D.D.	Janezich	Lessard	Piper	Stumpf
Berg	Johnson, D.E.	Luther	Price	Terwilliger
Berglin	Johnson, D.J.	Marty	Ranum	Vickerman
Bertram	Johnson, J.B.	Merriam	Reichgott	Wiener
Betzold	Johnston	Metzen	Riveness	
Chandler	Kelly	Mondale	Robertson	
Cohen	Kiscaden	Morse	Runbeck	
Day	Krentz	Murphy	Sams	

Ms. Flynn voted in the negative.

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

Mr. Luther moved that H.F. No. 251 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 251: A bill for an act relating to child abuse reporting; expanding the definition of "neglect" to include failure to provide a child with necessary education; amending Minnesota Statutes 1992, section 626.556, subdivision 2.

Ms. Ranum moved to amend H.F. No. 251, the unofficial engrossment, as follows:

Page 1, delete section 1

Page 3, line 8, delete everything after "*school*"

Page 3, line 9, delete "*years old or younger,*"

Page 3, line 11, before the semicolon, insert "*if the child is under 12 years old and the school has made appropriate efforts to resolve the child's attendance problems*"

Page 3, line 13, before the comma, insert "*without lawful excuse*"

Page 3, line 17, delete "*educational neglect*" and insert "*the failure of the child's parent, guardian, or custodian to comply with compulsory instruction laws, sections 120.101 and 120.102*"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 8, delete "260.015, by adding a subdivision;"

The motion prevailed. So the amendment was adopted.

H.F. No. 251 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	Day	Kiscaden	Murphy	Runbeck
Anderson	Dille	Krentz	Neuville	Sams
Beckman	Flynn	Kroening	Novak	Samuelson
Belanger	Frederickson	Langseth	Oliver	Spear
Benson, D.D.	Hanson	Larson	Pappas	Stevens
Benson, J.E.	Hottinger	Lessard	Pariseau	Stumpf
Berg	Janezich	Luther	Piper	Vickerman
Berglin	Johnson, D.E.	Marty	Price	Wiener
Bertram	Johnson, D.J.	Merriam	Ranum	
Betzold	Johnson, J.B.	Metzen	Reichgott	
Chandler	Johnston	Mondale	Riveness	
Cohen	Kelly	Morse	Robertson	

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

Mr. Luther moved that S.F. No. 860 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

S.F. No. 860: A bill for an act relating to retirement; providing coverage for unclassified managerial employees in temporary, acting, or interim positions; providing default plan for employee selection; adding conforming language to clarify eligibility between plans; relating to the individual retirement account plan; providing for repayment of missed contributions; providing for administrative expenses; providing for contributions during period of sabbatical leave; relating to the supplemental retirement plan; providing conforming language for previous oversight of eligible members; relating to marriage dissolutions; amending Minnesota Statutes 1992, sections 352D.02, subdivisions 1 and 1a; 354B.01, by adding a subdivision; 354B.02, subdivisions 1, 3a, and by adding a subdivision; 354B.04, by adding a subdivision; 354B.05, by adding a subdivision; 356.24, subdivision 1; and 518.58, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1992, section 354B.02, subdivision 3.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Krentz	Murphy	Robertson
Anderson	Dille	Kroening	Neuville	Runbeck
Beckman	Flynn	Laidig	Novak	Sams
Benson, D.D.	Frederickson	Larson	Oliver	Samuelson
Benson, J.E.	Hottinger	Lessard	Pappas	Solon
Berg	Janezich	Luther	Pariseau	Spear
Berglin	Johnson, D.E.	Marty	Piper	Stevens
Bertram	Johnson, J.B.	Merriam	Price	Stumpf
Betzold	Johnston	Metzen	Ranum	Vickerman
Chandler	Kelly	Mondale	Reichgott	Wiener
Cohen	Kiscaden	Morse	Riveness	

So the bill passed and its title was agreed to.

Mr. Luther moved that H.F. No. 519 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 519: A bill for an act relating to recreational vehicles; regulating registration and operation of off-highway motorcycles; setting fees and penalties; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1992, sections 85.018, subdivisions 2, 3, and 5; 171.03; and 466.03, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 84.

Mr. Luther moved to amend H.F. No. 519, as amended pursuant to Rule 49, adopted by the Senate May 10, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 184.)

Page 1, after line 9, insert:

"ARTICLE 1

OFF-HIGHWAY MOTORCYCLES"

Page 15, after line 13, insert:

"ARTICLE 2

OFF-ROAD VEHICLES

Section 1. [84.93] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *The definitions in this section apply to sections 1 to 9.*

Subd. 2. [CITY.] *"City" means a statutory or home rule charter city.*

Subd. 3. [COMMISSIONER.] *"Commissioner" means the commissioner of natural resources.*

Subd. 4. [DEALER.] *"Dealer" means a person engaged in the business of selling off-road vehicles at wholesale or retail.*

Subd. 5. [MANUFACTURER.] *"Manufacturer" means a person engaged in the business of manufacturing off-road vehicles.*

Subd. 6. [OFF-ROAD.] *"Off-road" means on trails or nonpublic roads or for cross-country travel on natural terrain. For purposes of sections 1 to 9, nonpublic roads include state forest roads, county forest roads, and other roads and trails that are not operated by a public road authority as defined in section 160.02, subdivision 9.*

Subd. 7. [OFF-ROAD VEHICLE.] *"Off-road vehicle" or "vehicle" means a motor-driven recreational vehicle capable of cross-country travel on natural terrain without benefit of a road or trail. Off-road vehicle does not include a snowmobile; an all-terrain vehicle; a motorcycle; a watercraft; a farm vehicle being used for farming; a vehicle used for military, fire, emergency, or law enforcement purposes; a construction or logging vehicle used in the performance of its common function; a motor vehicle owned by or operated under contract with a utility, whether publicly or privately owned, when used for work on utilities; a commercial vehicle being used for its intended purpose; snow-grooming equipment when used for its intended purpose; or an aircraft.*

Subd. 8. [OFF-ROAD VEHICLE USE AREA.] *"Off-road vehicle use area" means an area that is posted or designated for off-road vehicle use in accordance with rules adopted by the managing authority.*

Subd. 9. [OWNER.] *"Owner" means a person, other than a person with a security interest, that has a property interest in or title to an off-road vehicle and is entitled to the use and possession of the vehicle.*

Subd. 10. [PERSON.] *"Person" has the meaning given in section 336.1-201, paragraph (30).*

Subd. 11. [PUBLIC ROAD RIGHT-OF-WAY.] *"Public road right-of-way" means the entire right-of-way of a roadway that is not privately owned, including the traveled portions, banks, ditches, shoulders, and medians.*

Subd. 12. [OFF-ROAD VEHICLE STAGING AREA.] *"Off-road vehicle staging area" means a parking lot, trail head, campground, or other location to or from which an off-road vehicle is transported by truck, trailer, or other motor vehicle so that it may be placed into operation or removed from operation on public lands. Off-road vehicle staging area does not include a location to which an off-road vehicle is transported primarily for servicing, maintenance, repair, storage, or sale.*

Sec. 2. [84.931] [REGISTRATION.]

Subdivision 1. [GENERAL REQUIREMENTS.] *Unless exempted under subdivision 2, after January 1, 1995, a person may not operate and an owner may not give permission for another to operate a vehicle off-road, nor may a person have an off-road vehicle not registered under chapter 168 in possession at an off-road vehicle staging area, or designated trail or area, unless the vehicle has been registered under this section.*

Subd. 2. [EXEMPTIONS.] *Registration is not required for an off-road vehicle that is:*

(1) owned and used by the United States, the state, another state, or a political subdivision; or

(2) registered in another state or country and has not been in this state for more than 30 consecutive days.

Subd. 3. [APPLICATION; ISSUANCE.] *Application for registration or continued registration must be made to the commissioner, or an authorized deputy registrar of motor vehicles on a form prescribed by the commissioner. The form must state the name and address of every owner of the off-road vehicle and must be signed by at least one owner. Upon receipt of the application and the appropriate fee, the commissioner shall register the off-road vehicle and assign a registration number that must be affixed to the vehicle in accordance with subdivision 4. A deputy registrar of motor vehicles acting under section 168.33 is also a deputy registrar of off-road vehicles. The commissioner of natural resources in cooperation with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to ensure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with the accounting and procedural requirements. A fee of 50 cents in addition to other fees prescribed by law must be charged for each off-road vehicle registered by a deputy registrar, and must be deposited in the treasury of the jurisdiction where the deputy is appointed, or retained if the deputy is not a public official.*

Subd. 4. [REGISTRATION STICKER.] *An off-road vehicle must display a registration sticker issued by the commissioner. If the vehicle is licensed as a motor vehicle, the registration sticker must be affixed on the upper left corner of the rear license plate. If the vehicle is not licensed as a motor vehicle, the owner shall provide a plate not less than four inches high and 7-1/2 inches wide. The plate must be attached to the rear of the vehicle at least 12 inches from the ground. The registration sticker must be affixed on the upper left corner of the plate. Plates and registration stickers must be maintained in a clean and legible condition.*

Subd. 5. [REGISTRATION CARD; REPLACEMENT FEE.] *The commissioner shall provide to the registrant a registration card that includes the registration number, date of expiration, make and serial number of the*

off-road vehicle, owner's name and address, and additional information the commissioner may require. Information concerning each registration must be kept by the commissioner. If a registration card is lost or destroyed, the commissioner shall issue a replacement registration card on payment of a fee of $4. The fees collected from replacement registration cards must be credited to the off-road vehicle account in the natural resources fund.

Subd. 6. [REGISTRATION FEES.] *(a) The fee for registration of an off-road vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is $30 for three years and $4 for a duplicate or transfer.*

(b) The total registration fee for off-road vehicles owned by a dealer and operated off-road for demonstration or testing purposes is $50 per year. Dealer registrations are not transferable.

(c) The total registration fee for off-road vehicles owned by a manufacturer and operated off-road for research, testing, experimentation, or demonstration purposes is $150 per year. Manufacturer registrations are not transferable.

(d) The fees collected under this subdivision must be credited to the off-road vehicle account in the natural resources fund.

Subd. 7. [RENEWAL.] *An owner of an off-road vehicle must renew registration in a manner prescribed by the commissioner upon payment of the appropriate registration fee under subdivision 5.*

Subd. 8. [LICENSING BY POLITICAL SUBDIVISIONS.] *A political subdivision may not require licensing or registration of off-road vehicles regulated under sections 1 to 9.*

Subd. 9. [REGISTRATION BY MINORS PROHIBITED.] *A person under the age of 18 may not register an off-road vehicle.*

Sec. 3. [84.932] [VEHICLE IDENTIFICATION NUMBER.]

An off-road vehicle manufactured after January 1, 1995, and sold in the state must have a manufacturer's permanent identification number stamped in letters and numbers on the vehicle.

Sec. 4. [84.933] [RULEMAKING; ACCIDENT REPORT.]

Subdivision 1. [RULES.] *The commissioner shall adopt rules under chapter 14 relating to:*

(1) the use of off-road vehicles, in a manner consistent with protection of the environment, on public lands and waters under the jurisdiction of the commissioner of natural resources, including measures to minimize adverse impacts on soils, waters, vegetation, and wildlife;

(2) off-road vehicle equipment and safety standards, in consultation with the commissioner of public safety;

(3) uniform signs to be used by the state, counties, and cities to control, direct, or regulate the operation and use of off-road vehicles; and

(4) maximum off-road vehicle sound levels.

Subd. 2. [ACCIDENT REPORT; REQUIREMENT AND FORM.] *The operator and an officer investigating an accident involving an off-road vehicle*

and resulting in injury requiring medical attention or hospitalization, death, or total damage of $300 or more shall forward within ten days a written report of the accident to the commissioner of natural resources on a form prescribed by either the commissioner or the commissioner of public safety.

Sec. 5. [84.934] [SIGNAL FROM OFFICER TO STOP.]

It is unlawful for an off-road vehicle operator, after having received a visual or audible signal from a law enforcement officer to come to a stop, to:

(1) operate an off-road vehicle in willful or wanton disregard of the signal to stop;

(2) interfere with or endanger the law enforcement officer or another person or vehicle; or

(3) increase speed or attempt to flee or elude the officer.

Sec. 6. [84.935] [YOUTHFUL OPERATORS; PROHIBITIONS.]

(a) A person under 16 years of age may not operate an off-road vehicle.

(b) Except for operation on public road rights-of-way that is permitted under section 8, a driver's license issued by the state or another state is required to operate an off-road vehicle along or on a public road right-of-way.

(c) An owner of an off-road vehicle may not knowingly allow it to be operated in violation of this section.

Sec. 7. [84.936] [OFF-ROAD VEHICLE ACCOUNT.]

Subdivision 1. [REGISTRATION REVENUE.] *Fees from the registration of off-road vehicles must be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund.*

Subd. 2. [PURPOSES.] *Subject to appropriation by the legislature, money in the off-road vehicle account may only be spent for:*

(1) administration and implementation of sections 1 to 9 and 18;

(2) acquisition, maintenance, and development of off-road vehicle trails and use areas;

(3) grant-in-aid programs to counties and municipalities to construct and maintain off-road vehicle trails and use areas; and

(4) grants-in-aid to local safety programs.

Sec. 8. [84.937] [OPERATION REQUIREMENTS; LOCAL REGULATION.]

Subdivision 1. [OPERATION ON PUBLIC ROAD RIGHTS-OF-WAY.] *(a) A person may not operate a vehicle off-road within a public road right-of-way in this state except on a trail designated by the commissioner and approved by the unit of government having jurisdiction over the right-of-way.*

(b) A person may not operate a vehicle off-road within a public road right-of-way between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as traffic on the nearest lane of the road.

(c) A person may not operate an off-road vehicle within the right-of-way of an interstate highway.

Subd. 2. [CROSSING PUBLIC ROAD RIGHTS-OF-WAY.] *(a) An off-road vehicle not registered under chapter 168 may make a direct crossing of a public road right-of-way for the purpose of continuing on a designated off-road trail if:*

(1) the crossing is made at an angle of approximately 90 degrees to the direction of the road and at a place where no obstruction prevents a quick and safe crossing;

(2) the vehicle is brought to a complete stop before crossing the shoulder or main traveled way of the road;

(3) the driver yields the right-of-way to all traffic;

(4) in crossing a divided road, the crossing is made only at an intersection of the road with another public road; and

(5) if the crossing is made between the hours of one-half hour after sunset to one-half hour before sunrise or in conditions of reduced visibility, only if both front and rear lights are on.

(b) An off-road vehicle not registered under chapter 168 may be operated on a bridge, other than a bridge that is part of the main traveled lanes of an interstate highway, or a roadway shoulder or inside bank of a public road right-of-way when required to avoid obstructions to travel and no other method of avoidance is possible, provided that the vehicle is operated in the farthest right-hand lane, the entrance to the roadway is made within 100 feet of the bridge or obstacle, and the crossing is made without undue delay.

(c) A person may not operate an off-road vehicle on a public street or highway unless the off-road vehicle is equipped with at least one headlight and one taillight, each of minimum candlepower as prescribed by rules of the commissioner, and with brakes conforming to standards prescribed by rule of the commissioner, and all of which are subject to the approval of the commissioner of public safety.

(d) Chapter 169 applies to the operation of off-road vehicles on streets and highways, except that those provisions that by their nature have no application and those provisions relating to required equipment do not apply to vehicles not registered under chapter 168. Sections 169.121 to 169.129 apply to the operation of off-road vehicles anywhere in the state and on the ice of boundary waters.

(e) A road authority, as defined in section 160.02, subdivision 9, may, with the approval of the commissioner, designate access trails on public road rights-of-way for gaining access to established off-road vehicle trails.

Subd. 3. [OPERATION GENERALLY.] *A person may not drive or operate a vehicle off-road:*

(1) at a rate of speed greater than is reasonable under the surrounding circumstances;

(2) in a careless, reckless, or negligent manner which may endanger or cause injury or damage to the person or property of another;

(3) without a functioning stoplight if so equipped;

(4) in a tree nursery or planting in a manner that damages or destroys growing stock;

(5) without a brake operational by either hand or foot; or

(6) in a manner that violates rules adopted by the commissioner.

Subd. 4. [OPERATION PROHIBITED ON AIRPORTS.] *It is unlawful for a person to drive or operate an off-road vehicle on an airport, as defined in section 360.013, subdivision 5, except in connection with the operation of the airport.*

Subd. 5. [ORGANIZED CONTESTS.] *(a) Nothing in this section or chapter 169 prohibits the use of vehicles off-road within the right-of-way of a state trunk or county state-aid highway or on public lands or waters under the jurisdiction of the commissioner in an organized contest or event, subject to the consent of the official or board having jurisdiction over the highway or public lands or waters.*

(b) In permitting the contest or event, the official or board having jurisdiction must obtain the commissioner's approval and may prescribe restrictions or conditions it considers advisable.

Subd. 6. [REGULATION BY POLITICAL SUBDIVISIONS.] *(a) Subject to paragraphs (b) and (c), a county, city, or town acting through its governing body may regulate the operation of off-road vehicles on public lands, waters, and property under its jurisdiction, other than public road rights-of-way within its boundaries, by ordinance of the governing body and by giving appropriate notice.*

(b) The ordinance must be consistent with sections 1 to 9 and rules adopted under section 4.

(c) An ordinance may not impose a fee for the use of public land or water under the jurisdiction of the department of natural resources or another agency of the state, or for the use of an access to the public land or water owned by the state, a county, or a city.

Sec. 9. [84.938] [PENALTIES.]

A person who violates any provision of sections 1 to 8 is guilty of a misdemeanor.

Sec. 10. Minnesota Statutes 1992, section 85.018, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section:

(a) ~~"Trail" means a recreational trail, which is funded in whole or in part by state grants-in-aid to a local unit of government~~ *"All-terrain vehicle" has the meaning given in section 84.92, subdivision 8.*

(b) "Commissioner" means the commissioner of the state agency from which the grants-in-aid are received.

(c) "Off-road vehicle" has the meaning given in section 1, subdivision 7.

(d) "Snowmobile" has the meaning given in section 84.81, subdivision 3.

(e) "Trail" means a recreational trail that is funded in whole or in part by state grants-in-aid to a local unit of government.

Sec. 11. Minnesota Statutes 1992, section 85.018, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY OF LOCAL GOVERNMENT.] (a) A local government unit that receives state grants-in-aid for any trail, with the concurrence of the commissioner, and the landowner or land lessee, may:

(1) designate the trail for use by snowmobiles or for nonmotorized use from December 1 to April 1 of any year; and

(2) issue any permit required under subdivisions 3 to 5.

(b) A local government unit that receives state grants-in-aid under *section 7, subdivision 2, or* section 84.927, subdivision 2, for any trail, with the concurrence of the commissioner, and landowner or land lessee, may:

(1) designate the trail specifically for use at various times of the year by all-terrain *or off-road* vehicles, for nonmotorized use such as ski touring, snowshoeing, and hiking, and for multiple use, but not for motorized and nonmotorized use at the same time; and

(2) issue any permit required under subdivisions 3 to 5.

(c) A local unit of government that receives state grants-in-aid for any trail, with the concurrence of the commissioner and landowner or land lessee, may designate certain trails for joint use by snowmobiles ~~and~~, all-terrain *and off-road* vehicles.

Sec. 12. Minnesota Statutes 1992, section 85.018, subdivision 3, is amended to read:

Subd. 3. [MOTORIZED USE; PERMITS, RESTRICTIONS.] Permits may be issued for motorized vehicles, other than those designated, to use a trail designated for use by snowmobiles ~~or~~, all-terrain *or off-road* vehicles. Notice of the permit must be conspicuously posted, at the expense of the permit holder, at no less than one-half mile intervals along the trail, for the duration of the permit. Permits shall require that permit holders return the trail and any associated facility to their original condition if any damage is done by the permittee. Limited permits for special events such as races may be issued and shall require the removal of any trail markers, banners and other material used in connection with the special event.

Sec. 13. Minnesota Statutes 1992, section 85.018, subdivision 5, is amended to read:

Subd. 5. [~~SNOWMOBILE AND ALL-TERRAIN~~ *MOTORIZED* VEHICLE TRAILS RESTRICTED.] (a) From December 1 to April 1 in any year no use of a motorized vehicle other than a snowmobile, unless authorized by permit, lease or easement, shall be permitted on a trail designated for use by snowmobiles.

(b) From December 1 to April 1 in any year no use of a motorized vehicle other than an all-terrain *or off-road* vehicle, unless authorized by permit, shall be permitted on a trail designated for use by all-terrain vehicles, *off-road vehicles, or both*.

Sec. 14. Minnesota Statutes 1992, section 171.03, is amended to read:

171.03 [PERSONS EXEMPT.]

The following persons are exempt from license hereunder:

(1) a person in the employ or service of the United States federal government while driving or operating a motor vehicle owned by or leased to the United States federal government, except that only a noncivilian operator of a commercial motor vehicle owned or leased by the United States Department of Defense or the Minnesota national guard is exempt from the requirement to possess a valid commercial motor vehicle driver's license;

(2) any person while driving or operating any farm tractor, or implement of husbandry temporarily operated or moved on a highway, and for purposes of this section an all-terrain vehicle, as defined in section 84.92, subdivision 8, ~~is not an implement~~ *and an off-road vehicle, as defined in section 1, subdivision 7, are not implements* of husbandry;

(3) a nonresident who is at least 15 years of age and who has in immediate possession a valid driver's license issued to the nonresident in the home state or country may operate a motor vehicle in this state only as a driver;

(4) a nonresident who has in immediate possession a valid commercial driver's license issued by a state in compliance with the Commercial Motor Vehicle Safety Act of 1986, United States Code, title 49, sections 521, 2304, and 2701 to 2716, and who is operating in Minnesota the class of commercial motor vehicle authorized by the issuing state;

(5) any nonresident who is at least 18 years of age, whose home state or country does not require the licensing of drivers may operate a motor vehicle as a driver, only for a period of not more than 90 days in any calendar year if the motor vehicle so operated is duly registered for the current calendar year in the home state or country of such nonresident;

(6) any person who becomes a resident of the state of Minnesota and who has in possession a valid driver's license issued to the person under and pursuant to the laws of some other state or province or by military authorities of the United States may operate a motor vehicle as a driver, only for a period of not more than 60 days after becoming a resident of this state without being required to have a Minnesota driver's license as provided in this chapter;

(7) any person who becomes a resident of the state of Minnesota and who has in possession a valid commercial driver's license issued by another state in compliance with the Commercial Motor Vehicle Safety Act of 1986, United States Code, title 49, sections 521, 2304, and 2701 to 2716, for not more than 30 days after becoming a resident of this state; and

(8) any person operating a snowmobile, as defined in section 84.81.

Sec. 15. Minnesota Statutes 1992, section 466.03, subdivision 16, is amended to read:

Subd. 16. Any claim against a county, arising from the operation of an all-terrain vehicle, *as defined in section 84.92, subdivision 8, or an off-road vehicle, as defined in section 1, subdivision 7,* on land administered by a county under chapter 280, 281, or 282, except that the county is liable for conduct that would entitle a trespasser to damages against a private person.

Sec. 16. [DETERMINATION OF TAX ALLOCATION; REPORT TO LEGISLATURE.]

The commissioners of natural resources, revenue, and transportation shall jointly determine the amount of unrefunded gasoline tax attributable to off-road vehicle use in the state and shall report to the legislature by March 1, 1994, with a proposed revision to Minnesota Statutes, section 296.16, to reflect the results of this determination.

Sec. 17. [LEGISLATIVE REPORT ON REGISTRATION AND USE.]

By January 1, 1995, the commissioner of natural resources shall report to the legislature on the number of off-road vehicles registered under section 2 and the growth patterns of off-road vehicle use in the state.

Sec. 18. [COMPREHENSIVE RECREATIONAL USE PLAN; LEGISLATIVE REPORT.]

By January 1, 1995, the commissioner of natural resources shall report to the legislature on the development of, and shall develop a comprehensive plan for the management of, off-road vehicle use in the outdoor recreation system and on other public lands and waters, including forest and other recreational or scenic areas, forest roads, and trails used by or suitable for use by all or particular types of off-road vehicles, that are under the jurisdiction of the department of natural resources. The plan, at a minimum, must set forth methods, criteria, standards, and timetables for:

(1) the inventorying, by appropriate means, of areas, forest roads, and trails in the outdoor recreation system and other public lands and waters used by or suitable for use by off-road vehicles;

(2) the identification and evaluation of the suitability of areas, forest roads, and trails to sustain off-road vehicle use;

(3) the preservation of easements granted for public use by off-road vehicles when land is exchanged or reclassified;

(4) the designation by appropriate means of areas, forest roads, and trails for unrestricted or restricted off-road vehicle use, or as closed to off-road vehicle use, including by posting, issuance of maps, or fencing; and

(5) the development of resource management plans to maintain unrestricted or restricted areas, forest roads, or trails and to restore or reconstruct damaged areas, forest roads, or trails, including consideration of the social, economic, and environmental impact of off-road vehicle use.

Sec. 19. [APPROPRIATIONS; REIMBURSEMENT; INCREASED COMPLEMENT.]

(a) $150,000 is appropriated from the general fund to the commissioner of natural resources for the purposes of sections 1 to 18 and is available for the fiscal year ending June 30, 1994. The approved complement of the department of natural resources is increased by 1 position.

(b) $124,000 is appropriated from the off-road vehicle account to the commissioner of natural resources for the purposes of sections 1 to 18 and is available for the fiscal year ending June 30, 1995.

(c) Amounts spent by the commissioner of natural resources from the appropriation in paragraph (a) must be reimbursed by June 30, 1995, to the general fund. The amount necessary to make the reimbursement is appropri-

ated from the off-road vehicle account in the natural resources fund to the commissioner of finance for transfer to the general fund.

Sec. 20. [EFFECTIVE DATE.]

Section 16 is effective the day following final enactment."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 519 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	Day	Krentz	Murphy	Robertson
Anderson	Flynn	Kroening	Neuville	Runbeck
Beckman	Frederickson	Laidig	Novak	Sams
Belanger	Hanson	Langseth	Oliver	Samuelson
Benson, D.D.	Hottinger	Larson	Olson	Solon
Benson, J.E.	Janezich	Lessard	Pappas	Spear
Berg	Johnson, D.E.	Luther	Pariseau	Stevens
Berglin	Johnson, D.J.	Marty	Piper	Stumpf
Bertram	Johnson, J.B.	Merriam	Price	Terwilliger
Betzold	Johnston	Metzen	Ranum	Vickerman
Chandler	Kiscaden	Mondale	Reichgott	Wiener
Cohen	Knutson	Morse	Riveness	

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

Mr. Luther moved that S.F. No. 1162 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

S.F. No. 1162: A bill for an act relating to state government; administrative rulemaking; changing the membership and duties of the LCRAR; transferring the rule review functions of the office of the attorney general to the office of administrative hearings; regulating grants of rulemaking authority, notices of intent to solicit outside opinion, and public hearing requirements; authorizing the governor to disapprove rules adopted after public hearing; eliminating the requirement that agencies review their rules and consider methods to reduce their impact on small business; making technical changes; requiring reports; appropriating money; amending Minnesota Statutes 1992, sections 3.841; 14.05, subdivision 2, and by adding a subdivision; 14.08; 14.09; 14.10; 14.115, subdivision 5; 14.15, subdivisions 3 and 4; 14.16, subdivision 1; 14.19; 14.22, subdivision 1; 14.24; 14.25; 14.26; 14.29, subdivisions 2 and 4; 14.30; 14.31; 14.32; 14.33; 14.34; 14.365; 14.48; and 14.51; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Statutes 1992, sections 14.115, subdivision 6; and 14.225.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dille	Laidig	Novak	Sams
Anderson	Finn	Langseth	Oliver	Samuelson
Beckman	Flynn	Larson	Olson	Solon
Belanger	Frederickson	Lessard	Pappas	Spear
Benson, D.D.	Hanson	Luther	Pariseau	Stevens
Benson, J.E.	Hottinger	Marty	Piper	Stumpf
Berg	Janezich	Merriam	Pogemiller	Terwilliger
Berglin	Johnson, D.E.	Metzen	Price	Vickerman
Bertram	Johnston	Moe, R.D.	Ranum	Wiener
Betzold	Kiscaden	Mondale	Reichgott	
Chandler	Knutson	Morse	Riveness	
Cohen	Krentz	Murphy	Robertson	
Day	Kroening	Neuville	Runbeck	

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. 1225 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1225: A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

Mr. Morse moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 2, line 27, delete "*a*" and insert "*the*" and after "*place*" insert "*of purchase*"

Page 2, line 28, delete everything after "*state*"

Page 2, line 29, delete everything before the semicolon

Page 6, line 18, reinstate the stricken ", and"

Page 6, line 20, reinstate the stricken language and before the reinstated "the" insert "*$200,000 shall be credited to*"

Page 6, line 21, reinstate the stricken "1160.13 to be used for" and after the stricken "the" insert "*cooperative research by the*"

Page 6, line 22, reinstate the stricken language and after the period, insert "*The cooperative research shall include pesticide use reduction, technology transfer of pesticide reduction practices, and the evaluation and demonstration of best management practices as developed by the department of agriculture, with the goals of achieving a reduction in input costs of producers and improving utilization of integrated pest management, biological pest*

controls, and other pesticide reduction practices. Research may also be conducted regarding agricultural chemical spill site remediation.''

Page 9, line 21, strike ''phosphorus (P) or''

Page 9, line 22, strike ''soluble potassium (K) or''

Page 9, line 28, strike ''phosphorus or''

Page 9, line 29, strike ''soluble potassium or''

Page 11, line 9, after ''BLENDED'' insert '', *BULK,*''

Page 11, line 11, after ''mixture'' insert ''*or distributes fertilizer in bulk,*''

Page 11, line 13, after ''weight'' insert '', *name and address of the guarantor,*''

Page 16, after line 12, insert:

''Sec. 25. [OILSEED PROCESSING; FEASIBILITY.]

The commissioner of agriculture shall conduct a study of the feasibility of developing a producer-controlled oilseed production facility to process canola, crambe, and other grains. Consideration shall be given to grants, loans, tax incentives, and bonding. The commissioner shall consult with the agricultural project utilization institute, the University of Minnesota, and other interested parties. The commissioner shall report the findings of the study to the house of representatives and senate agriculture committees by January 15, 1994.''

Page 16, line 18, delete ''*unused portions of*'' and insert ''*waste*'' and delete ''*using the*'' and insert ''*and shall report on the progress made in achieving the following goals*''

Page 16, line 19, delete ''*following criteria*''

Page 16, line 22, after the semicolon, insert ''*and*''

Page 16, line 23, after the first ''*and*'' insert ''*proper*'' and delete ''*; and*'' and insert a period

Page 16, line 24, delete ''*(4)*'' and insert ''*The report shall also include*''

Page 16, delete section 26

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Frederickson requested division of the amendment as follows:

First portion:

Page 2, line 27, delete ''*a*'' and insert ''*the*'' and after ''*place*'' insert ''*of purchase*''

Page 2, line 28, delete everything after ''*state*''

Page 2, line 29, delete everything before the semicolon

Page 6, line 18, reinstate the stricken '', and''

Page 6, line 20, reinstate the stricken language and before the reinstated "the" insert "*$200,000 shall be credited to*"

Page 6, line 21, reinstate the stricken "116O.13 to be used for" and after the stricken "the" insert "*cooperative research by the*"

Page 6, line 22, reinstate the stricken language and after the period, insert "*The cooperative research shall include pesticide use reduction, technology transfer of pesticide reduction practices, and the evaluation and demonstration of best management practices as developed by the department of agriculture, with the goals of achieving a reduction in input costs of producers and improving utilization of integrated pest management, biological pest controls, and other pesticide reduction practices. Research may also be conducted regarding agricultural chemical spill site remediation.*"

Page 9, line 21, strike "phosphorus (P) or"

Page 9, line 22, strike "soluble potassium (K) or"

Page 9, line 28, strike "phosphorus or"

Page 9, line 29, strike "soluble potassium or"

Page 11, line 9, after "BLENDED" insert ", *BULK,*"

Page 11, line 11, after "mixture" insert "*or distributes fertilizer in bulk,*"

Page 11, line 13, after "weight" insert ", *name and address of the guarantor,*"

Page 16, line 18, delete "*unused portions of*" and insert "*waste*" and delete "*using the*" and insert "*and shall report on the progress made in achieving the following goals*"

Page 16, line 19, delete "*following criteria*"

Page 16, line 22, after the semicolon, insert "*and*"

Page 16, line 23, after the first "*and*" insert "*proper*" and delete "*; and*" and insert a period

Page 16, line 24, delete "*(4)*" and insert "*The report shall also include*"

Page 16, delete section 26

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Second portion:

Page 16, after line 12, insert:

"Sec. 25. [OILSEED PROCESSING; FEASIBILITY.]

The commissioner of agriculture shall conduct a study of the feasibility of developing a producer-controlled oilseed production facility to process canola, crambe, and other grains. Consideration shall be given to grants, loans, tax incentives, and bonding. The commissioner shall consult with the agricultural project utilization institute, the University of Minnesota, and other interested parties. The commissioner shall report the findings of the study to the house of representatives and senate agriculture committees by January 15, 1994."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the first portion of the Morse 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 Morse amendment. The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Bertram moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 16, after line 5, insert:

"Sec. 24. Minnesota Statutes 1992, section 32.25, subdivision 1, is amended to read:

Subdivision 1. [MILK FAT, PROTEIN, AND SOLIDS NOT FAT BASES OF PAYMENT; TESTS.] ~~All~~ Milk ~~and cream~~ *must be* purchased from producers ~~shall be purchased by weight and~~ *using a formula based on* one or more of the following ~~methods~~:

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

~~(1)~~ *(2)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat~~ *for the pounds of milk fat contained in the milk*;

~~(2)~~ *(3)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent~~ *for the pounds of* protein *contained in the milk*;

~~(3)~~ *(4)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent~~ *for the pounds of* solids not fat *contained in the milk; or*

(5) payment of standard rates based on other attributes of value in the milk.

In addition, an adjustment ~~to the milk price~~ may be made on the basis of milk quality~~, and the component price payment may be subject to the milk quality~~ *and other premiums*.

Testing procedures for determining the percentages of milk fat, protein, and ~~milk~~ solids not fat ~~shall be~~ *must comply with the Association of Analytical Chemists approved methods or be as* adopted by rule."

Page 17, after line 2, insert:

"Sec. 29. [EFFECTIVE DATE.]

Section 24 is effective August 1, 1993, and is not subject to the contingency contained in Laws 1984, chapter 509, section 2."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Robertson questioned whether the amendment was germane.

The President ruled that the amendment was germane.

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

Mr. Morse moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 12, line 9, after "*release*" insert "*plus any other releases which have occurred at the site during the preceding year*"

The motion prevailed. So the amendment was adopted.

Mr. Sams moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 16, after line 5, insert:

"Sec. 24. Minnesota Statutes 1992, section 32.11, is amended to read:

32.11 [DISCRIMINATION IN BUYING *AND SELLING; SCHEDULE OF PRICES.*]

(a) Any person, firm, copartnership, or corporation engaged in the business of buying milk, cream or butterfat for manufacture or for sale of such milk, cream, or butterfat, who shall discriminate between different sections, localities, communities, or cities of this state, or who shall discriminate between persons in the same section, locality, community or city of this state, by purchasing such commodity at a higher price or rate from one person or in one locality than is paid for the same commodity by such person, firm, copartnership, or corporation in the same locality or in another locality, after making due allowance for the difference, if any, in the reasonable cost of transportation from the locality of purchase to the locality of manufacture or locality of sale of such milk, cream, or butterfat, shall be deemed guilty of unfair discrimination, which is a misdemeanor.

(b) A processor or wholesaler who sells selected class I or class II dairy products as defined in section 32.70 in Minnesota shall maintain a current schedule of prices showing rebates, discounts, refunds, and price differentials for the selected dairy products offered for sale at wholesale to retailers or to another wholesaler."

Page 16, after line 12, insert:

"Sec. 26. Minnesota Laws 1993, chapter 65, section 6, subdivision 2, is amended to read:

Subd. 2. [BASIC COST.] (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler. *Basic cost for a wholesaler does not include any part of an over-order premium assessment under section 32.73.*

(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler. *Basic cost for a retailer does not include any part of an over-order premium assessment under section 32.73.*

Sec. 27. Minnesota Laws 1993, chapter 65, section 9, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] Selected class I dairy products sold as home delivery retail sales, *sales involving the women, infants, and children nutrition program (WIC),* and sales to public or nonpublic schools are exempt from assessment under this section."

Page 17, after line 2, insert:

"Sec. 31. [EFFECTIVE DATE.]

Section 24 is effective the day following final enactment. Sections 26 and 27 are effective retroactive to May 1, 1993."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 16, after line 12, insert:

"Sec. 25. Laws 1993, chapter 65, section 6, subdivision 2, is amended to read:

Subd. 2. [BASIC COST.] (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler.

~~(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler.~~

Sec. 26. Laws 1993, chapter 65, section 8, is amended to read:

Sec. 8. [32.72] [SALES BELOW COST PROHIBITED; EXCEPTIONS.]

Subdivision 1. [POLICY; PROCESSORS; WHOLESALERS; ~~RETAILERS~~.] (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing ~~with a minimum negative impact upon small volume retailers~~.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

~~(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than 107.5 percent of the retailer's basic cost. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.~~

Subd. 2. [EXCEPTIONS.] The minimum processor, *and* wholesaler, ~~and retailer~~ prices of subdivision 1 do not apply:

(i) to a sale complying with section 325D.06, clauses (1) to (4); *or*

(ii) ~~to a retailer giving away selected class I and class II dairy products free if the customer is not required to make a purchase;~~

~~(iii)~~ to a processor~~,~~ *or* wholesaler~~,~~ ~~or retailer~~ giving away selected class I and class II dairy products free or at a reduced cost to a bona fide charity~~;~~ ~~or~~

~~(iv) to a retailer during the month of June, 1994, and June of each year thereafter.~~

Sec. 27. Laws 1993, chapter 65, section 9, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] Not later than February 1 of 1994 and each year thereafter, the commissioner, after consultation with representatives of the dairy production, processing, and marketing industries, shall report to the chairs of the agriculture committees of the senate and the house of representatives on the impacts and benefits to dairy farmers of the over-order premium and dairy marketing partial deregulation provisions of this act and the level of over-order premiums provided by common marketing agencies in the upper midwest during the previous calendar year. In addition, the February 1, 1994 report must provide recommendations concerning the desirability of exempting from the over-market premium assessment selected class I dairy products sold to certain not-for-profit customers, including hospitals, nursing homes, licensed day care providers, and residential care facilities and institutions. The report provided by the commissioner on February 1, 1995, must include an assessment of the impact of the removal of retail price controls ~~during the month of June, 1994~~."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Morse imposed a call of the Senate for the balance of the proceedings on H.F. No. 1225. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 51 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Hanson	Laidig	Oliver	Runbeck
Anderson	Hottinger	Langseth	Olson	Sams
Belanger	Janezich	Luther	Pappas	Samuelson
Benson, D.D.	Johnson, D.E.	Marty	Pariseau	Solon
Berg	Johnson, D.J.	Merriam	Piper	Stumpf
Berglin	Johnson, J.B.	Metzen	Pogemiller	Terwilliger
Betzold	Johnston	Moe, R.D.	Price	Wiener
Chandler	Kiscaden	Mondale	Ranum	
Cohen	Knutson	Morse	Reichgott	
Day	Krentz	Murphy	Riveness	
Frederickson	Kroening	Neuville	Robertson	

Those who voted in the negative were:

Beckman	Bertram	Finn	Lessard	Vickerman
Benson, J.E.	Dille	Larson	Stevens	

The motion prevailed. So the amendment was adopted.

Mr. Benson, D.D. moved to amend the Morse amendment to H.F. No. 1225, adopted by the Senate May 13, 1993, as follows:

Page 1, after line 2, insert:

"Page 16, after line 5, insert:

"Sec. 24. Minnesota Statutes 1992, 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) 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) 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) 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;

(19) ~~administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;~~

~~(20)~~ authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; and

~~(21)~~ *(20)* exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.'' ''

Page 2, after line 28, insert:

''Page 17, line 1, delete ''*and*''

Page 17, line 2, before the comma, insert ''*; 325D.30; 325D.31; 325D.32; 325D.33; 325D.34; 325D.35; 325D.36; 325D.37; 325D.38 325D.39; 325D.40; 325D.405; 325D.415; and 325D.42*''''

Ms. Berglin questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Morse moved to amend H.F. No. 1225, the unofficial engrossment, as follows:

Page 16, after line 12, insert:

''Sec. 25. Minnesota Statutes 1992, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation, limited liability company, pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions in this subdivision do not apply

to corporations or partnerships in clause (b) and do not apply to corporations, limited partnerships, and pension or investment funds that record its name and the particular exception under clauses (a) to ~~(s)~~ *(t)* under which the agricultural land is owned or farmed, have a conservation plan prepared for the agricultural land, report as required under subdivision 4, and satisfy one of the following conditions under clauses (a) to ~~(s)~~ *(t)*:

(a) a bona fide encumbrance taken for purposes of security;

(b) a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership as defined in subdivision 2 or a general partnership;

(c) agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973, or a pension or investment fund as of May 12, 1981, including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(d) agricultural land operated for research or experimental purposes with the approval of the commissioner of agriculture, provided that any commercial sales from the operation must be incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, or pension or investment fund seeking to operate agricultural land for research or experimental purposes must submit to the commissioner a prospectus or proposal of the intended method of operation, containing information required by the commissioner including a copy of any operational contract with individual participants, prior to initial approval of an operation. A corporation, limited partnership, or pension or investment fund operating agricultural land for research or experimental purposes prior to May 1, 1988, must comply with all requirements of this clause except the requirement for initial approval of the project;

(e) agricultural land operated by a corporation or limited partnership for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) agricultural land and land capable of being used for farming leased by a corporation or limited partnership in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973, or to the limited partnership as of May 1, 1988, and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973, for a corporation or May 1, 1988, for a limited partnership in any five-year period, and the additional acreage reasonably necessary to meet the requirements of pollution control rules;

(g) agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious, or charitable nonprofit corporation or by a pension or investment fund or limited partnership; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation or limited partnership which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, or a limited partnership other than a family farm partnership or authorized farm partnership as defined in subdivision 2, for which the corporation or limited partnership has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation or limited partnership may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation;

(i) agricultural lands acquired by a pension or investment fund or a corporation or limited partnership by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title if acquired before May 1, 1988, and five years after acquiring the title if acquired on or after May 1, 1988, acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten-year or five-year period except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership. The aforementioned ten-year or five-year limitation period shall be deemed a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, or limited partnership. Notwithstanding the five-year divestiture requirement under this clause, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period;

(j) agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, a family farm corporation, or a family farm partnership;

(k) agricultural land, either leased or owned, totaling no more than 2,700 acres, acquired after May 20, 1973, for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2,000 acres of asparagus production;

(l) all agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, section 500.24, subdivision 1, clause (d), but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) a corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of this subdivision under the provisions of Laws 1973, chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975, in any five-year period and the additional ownership reasonably necessary to meet requirements of pollution control rules;

(o) agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978, and the additional ownership reasonably necessary to meet requirements of pollution control rules, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, chapter 324, section 1, subdivision 2;

(p) an interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d);

(q) agricultural land owned by a nursing home located in a city with a population, according to the state demographer's 1985 estimate, between 900 and 1,000, in a county with a population, according to the state demographer's 1985 estimate, between 18,000 and 19,000, if the land was given to the nursing home as a gift with the expectation that it would not be sold during the donor's lifetime. This exemption is available until July 1, 1995;

(r) the acreage of agricultural land and land capable of being used for farming owned and recorded by an authorized farm corporation as defined in Minnesota Statutes 1986, section 500.24, subdivision 2, paragraph (d), or a limited partnership as of May 1, 1988, including the normal expansion of the ownership at a rate not to exceed 20 percent of the land owned and recorded as of May 1, 1988, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(s) agricultural land owned or leased as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3.; *and*

(t) farming of livestock acquired by a pension or investment fund, corporation, limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of a lien or claim thereon, whether created by a security agreement or otherwise; provided, however, that all livestock so acquired be disposed of within one full production cycle for the type of livestock operation from which the livestock was acquired but in no case later than 18 months after acquisition or 18 months after the effective date of this subdivision, whichever is later. This clause does not diminish the rights existing under this section, for financial institutions insured by the FDIC or its successor."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Berg questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 1225 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 3, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Novak	Runbeck
Beckman	Hottinger	Lessard	Oliver	Sams
Belanger	Janezich	Luther	Olson	Samuelson
Berg	Johnson, D.E.	Marty	Pappas	Solon
Bertram	Johnson, D.J.	McGowan	Pariseau	Spear
Betzold	Johnson, J.B.	Merriam	Piper	Stevens
Chandler	Johnston	Metzen	Pogemiller	Stumpf
Cohen	Kiscaden	Moe, R.D.	Price	Terwilliger
Day	Knutson	Mondale	Ranum	Vickerman
Dille	Krentz	Morse	Reichgott	Wiener
Flynn	Kroening	Murphy	Riveness	
Frederickson	Laidig	Neuville	Robertson	

Mrs. Benson, J.E.; Messrs. Finn and Larson voted in the negative.

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:30 p.m. The motion prevailed.

The hour of 3:30 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.

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. 1437: A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for

purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

Senate File No. 1437 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

Mr. Novak moved that the Senate do not concur in the amendments by the House to S.F. No. 1437, 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. 1042:

H.F. No. 1042: A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

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

Farrell, Bishop and Pugh have been appointed as such committee on the part of the House.

House File No. 1042 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 May 12, 1993

Mr. Cohen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1042, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1042: Mr. Cohen, Ms. Reichgott and Mr. Knutson.

H.F. No. 238: Ms. Johnston, Mr. Hottinger and Ms. Flynn.

H.F. No. 1063: Ms. Wiener, Messrs. Frederickson and Solon.

S.F. No. 1437: Mr. Novak, Mses. Johnson, J.B. and Anderson.

H.F. No. 795: Ms. Anderson, Messrs. Chandler and Knutson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. 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. 350, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 350 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on H.F. No. 350. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 350

A bill for an act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; early childhood, community, and adult education; facilities; organization and cooperation; access to excellence; other education programs; miscellaneous provisions; choice programs; libraries; state agencies; and realignment of responsibilities; making conforming changes; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 120.06, subdivision 3; 120.062, subdivision 5, and by adding a subdivision; 120.0621; 120.064, subdivisions 3, 4, and 16; 120.0751, subdivisions 1, 2, 3, and 4; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivision 7a; 120.73, subdivision 1; 120.75; 121.15, subdivision 4; 121.16, subdivision 1; 121.201, subdivision 1; 121.585, subdivision 8; 121.612, subdivisions 2 and 4; 121.831; 121.88, subdivision 8; 121.882, subdivision 2b; 121.901, subdivisions 1 and 2; 121.902; 121.904, subdivisions 4a, 4e,

and 14; 121.912, subdivision 6, and by adding a subdivision; 121.9121; 121.914, subdivision 3; 121.934, subdivision 1; 121.935, subdivisions 2 and 5; 121.936; 122.22, by adding a subdivision; 122.242, subdivision 9; 122.531, subdivision 4a; 122.895, subdivision 2, and by adding subdivisions; 123.34, subdivision 9; 123.35, subdivision 17; 123.351, subdivisions 6, 8, and 9; 123.3513; 123.3514, subdivisions 5, 6, 6b, 6c, and 8; 123.36, by adding a subdivision; 123.39, by adding a subdivision; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, and 4; 123.7045; 123.71, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1 and 4; 124.195, subdivisions 8 and 9; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, and 7e; 124.226, subdivisions 1, 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, and 8; 124.248, subdivision 4; 124.26, subdivision 2; 124.2601, subdivisions 4 and 6; 124.261, subdivision 1; 124.2615, subdivisions 2 and 3; 124.2711, subdivision 1; 124.2714; 124.2721, subdivisions 1 and 3; 124.2725, subdivisions 2, 4, 5, 6, 10, and 13; 124.273, by adding a subdivision; 124.276, subdivision 3; 124.32, subdivision 1d; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 124.332, subdivision 2; 124.37; 124.38, by adding a subdivision; 124.431, subdivisions 1, 1a, 2, and 14; 124.48, subdivisions 1 and 3; 124.494, subdivisions 1, 2, and by adding a subdivision; 124.573, subdivision 3; 124.574, by adding a subdivision; 124.625; 124.64; 124.645, subdivisions 1 and 2; 124.69, subdivision 1; 124.73, subdivision 1; 124.79; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.84, subdivision 3; 124.91, subdivision 3; 124.912, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.03, subdivision 1c, and by adding a subdivision; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivision 1; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.29, subdivision 1; 124A.70; 124A.72; 124C.08, subdivision 1; 125.05, subdivision 1a; 125.185, subdivisions 4 and 6; 125.1885, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 4; 126.239, subdivision 3; 126.267; 126.268, subdivision 2; 126.52, subdivisions 8 and 9; 126.54, subdivision 1; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70, subdivision 2a; 126A.07, subdivision 1; 127.15; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 128C.02, by adding a subdivision; 129C.10, subdivision 1, and by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 145A.10, subdivision 5; 256E.03, by adding subdivisions; 256E.08, subdivision 1; 256E.09, subdivision 2, and by adding a subdivision; 275.48; 473F.02, by adding a subdivision; and 475.61, subdivision 3; Laws 1991, chapters 256, article 8, section 14, as amended; 265, articles 1, section 30; and 2, section 19, subdivision 2; and Laws 1992, chapters 499, article 8, section 33; 571, article 10, section 29; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; 128A; repealing Minnesota Statutes 1992, sections 120.0621, subdivision 5; 121.87; 124.197; 124.2721, subdivisions 2 and 4; 124.32, subdivision 5; 124.615; 124.62; 125.703; 126.22, subdivision 2a; 145.926; and Laws 1988, chapter 486, section 59.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 350, 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. 350 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1992, 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 124.914, subdivision 1; 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 May, 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 an amount equal to the levy recognized as revenue in June of the prior year plus 50.0 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) 50.0 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 124.914, subdivision 1, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, and Laws 1975, chapter 261, section 4; ~~and~~

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 136C.411*; and*

(v) amounts levied under section 124.755.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1992, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades 1 to 6 is counted as ~~one pupil unit~~ *1.03 pupil unit for fiscal year 1994 and 1.06 pupil unit for fiscal year 1995 and thereafter.*

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

Sec. 3. Minnesota Statutes 1992, section 124.19, subdivision 4, is amended to read:

Subd. 4. In a school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1,

provided that ~~the school is in session for not less than 160 days during the school year, and provided that~~ no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board *unless the average number of instructional hours for all school days in the school year equals or exceeds the number of instructional hours prescribed in the rules of the state board. The district shall notify the department of each adjustment.*

Sec. 4. Minnesota Statutes 1992, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [~~ADJUSTED GROSS TAX CAPACITY;~~ ADJUSTED NET TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine ~~an aggregate equalized gross tax capacity and~~ an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as ~~the adjusted gross tax capacity and~~ the adjusted net tax capacity~~, respectively~~. *The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue shall make whatever estimates are necessary to account for changes in the classification system.* The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining ~~the adjusted gross tax capacity and~~ the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of ~~adjusted gross tax capacities and~~ adjusted net tax capacities. On or before ~~April 15~~ *June 15* annually, the department of revenue shall file its final report on the ~~adjusted gross tax capacities and~~ adjusted net tax capacities established by the previous year's ~~assessment~~ *assessments and the current year's net tax capacity percentages* with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, section 270.12, subdivision 2, clause (8), and section 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagri-

cultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) [AGRICULTURAL LANDS.] For purposes of determining the ~~adjusted gross tax capacity and~~ adjusted net tax capacity of agricultural lands for the calculation of ~~adjusted gross tax capacities and~~ adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) [FORCED SALES.] The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) [STIPULATED VALUES.] *The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners.*

(f) [SALES OF INDUSTRIAL PROPERTY.] *Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class.*

Sec. 5. Minnesota Statutes 1992, section 124.73, subdivision 1, is amended to read:

Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed ~~50~~ *75* percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, shall be included.

Sec. 6. [124.755] [STATE PAYMENT OF DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.]

Subdivision 1. [DEFINITIONS.] *For the purposes of this section, the term "debt obligation" means either a tax or aid anticipation certificate of indebtedness or a general obligation bond.*

Subd. 2. [NOTIFICATIONS; PAYMENT; APPROPRIATION.] *(a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice shall include the name of the school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a*

payment is being requested by the district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of education of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of finance of the potential default.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner of education, which must include a final figure as to the amount due that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund.

(c) The departments of education and finance shall jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 3. [SCHOOL DISTRICT BOUND; INTEREST RATE ON STATE PAID AMOUNT.] *If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.*

Subd. 4. [PLEDGE OF DISTRICT'S FULL FAITH AND CREDIT.] *If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's debt obligation on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those debt obligations shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall be repaid in the order in which the state payments were made.*

Subd. 5. [AID REDUCTION FOR REPAYMENT.] *Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273, according to the schedule in section 124.155, subdivision 2, by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall revert from the appropriate account to the state general fund. Payments from the school endowment fund or any federal aid payments shall not be reduced. If, after review of the financial situation of the school district, the commissioner of education advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an*

undue disruption of the educational program of the school district, the commissioner of education, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Subd. 6. [TAX LEVY FOR REPAYMENT.] *(a) With the approval of the commissioner of education, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.*

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of education must require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

Subd. 7. [ELECTION AS TO MANDATORY APPLICATION.] *A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, to notify the commissioner of education of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those debt obligations when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the debt obligations to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of education under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying*

agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

Subd. 8. [MANDATORY PLAN; TECHNICAL ASSISTANCE.] *If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, it shall submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.*

Subd. 9. [STATE BOND RATING.] *If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a school district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.*

Sec. 7. Minnesota Statutes 1992, section 124A.03, subdivision 1c, is amended to read:

Subd. 1c. [REFERENDUM ALLOWANCE LIMIT.] *(a)* Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

(1) the district's referendum allowance for fiscal year ~~1992;~~ *1994; or*

(2) ~~the district's referendum allowance for fiscal year 1993;~~

~~(3)~~ ~~30~~ *25* percent of the formula allowance for ~~the~~ fiscal year ~~for which it is attributable; or~~

~~(4) for a district that held a successful referendum levy election in calendar year 1991, 35 percent of the formula allowance for the fiscal year to which it is attributable~~ *1995 and later.*

(b) The allowance calculated in paragraph (a) must be reduced by the amount of the referendum allowance reduction computed in subdivision 3b.

Sec. 8. Minnesota Statutes 1992, section 124A.03, subdivision 1f, is amended to read:

Subd. 1f. [REFERENDUM EQUALIZATION REVENUE.] A district's referendum equalization revenue equals ~~ten percent of the formula allowance~~ *$315* times the district's actual pupil units for that year.

Referendum equalization revenue must not exceed a district's ~~referendum revenue allowance times the district's actual pupil units~~ *total referendum revenue* for that year.

Sec. 9. Minnesota Statutes 1992, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. [REFERENDUM EQUALIZATION LEVY.] A district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to ~~50~~ *100* percent of the equalizing factor as defined in section 124A.02, subdivision 8.

Sec. 10. Minnesota Statutes 1992, section 124A.03, is amended by adding a subdivision to read:

Subd. 3b. [REFERENDUM ALLOWANCE REDUCTION.] *A district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), and (c).*

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) an amount equal to $100, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to $100, times (2) one minus the ratio of 20 percent of the initial referendum allowance limit minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than $3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than $200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

Sec. 11. Minnesota Statutes 1992, section 124A.04, subdivision 2, is amended to read:

Subd. 2. [1993 AND LATER.] The training and experience index ~~for fiscal year 1993 and later fiscal years~~ must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be computed as follows using data from the second year of the previous biennium:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state. ~~Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive the same ratio as the cells in the master's degree plus 30 credits lane.~~

(d) The index for each district that employs teachers equals the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

Sec. 12. Minnesota Statutes 1992, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for ~~1992 and subsequent~~ fiscal years *1993 and 1994* is $3,050. *The formula allowance for fiscal year 1995 and subsequent fiscal years is $3,150.*

Sec. 13. Minnesota Statutes 1992, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] (a) ~~For fiscal year 1992,~~ The *previous formula* training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract 1.6 from the training and experience index;

(2) multiply the result in clause (1) by the product of $700 times the actual pupil units for the school year.

(b) ~~For 1993 and later fiscal years,~~ The maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of ~~$575~~ *$660* times the actual pupil units for the school year.

(c) ~~For 1993 and later fiscal years, the previous formula training and experience revenue for each district equals the amount of training and experience revenue computed for that district according to the formula used to compute training and experience revenue for fiscal year 1992.~~

~~(d) For fiscal year 1993, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-fourth of the difference between the district's maximum training and~~

~~experience revenue and the district's previous formula training and experience revenue.~~

~~(e)~~ For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

~~(f)~~ *(d)* For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three-fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

~~(g)~~ *(e)* For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.

Sec. 14. Minnesota Statutes 1992, section 124A.22, subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. ~~If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate one school in the district as a high school for the purposes of this section.~~

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. *For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.*

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils

in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 15. Minnesota Statutes 1992, section 124A.22, subdivision 6, is amended to read:

Subd. 6. [SECONDARY SPARSITY REVENUE.] *(a)* A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) the formula allowance for the school year, multiplied by

(2) the secondary average daily membership of the high school, multiplied by

(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by

(4) the lesser of one or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 16. Minnesota Statutes 1992, section 124A.22, subdivision 8, is amended to read:

Subd. 8. [SUPPLEMENTAL REVENUE.] (a) A district's supplemental revenue *allowance* for fiscal year ~~1992~~ *1994 and later fiscal years* equals the ~~product of the~~ district's supplemental revenue for fiscal year ~~1991 times the ratio of:~~

~~(1)~~ *1993 divided by* the district's ~~1991-1992~~ *1992-1993* actual pupil units; ~~to~~

~~(2) the district's 1990-1991 actual pupil units adjusted for the change in secondary pupil unit weighting from 1.35 to 1.3 made in section 124.17, subdivision 1.~~

(b) ~~If a district's minimum allowance exceeds the sum of its basic revenue, previous formula compensatory education revenue, previous formula training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for a fiscal year, and the excess is less than $250 per actual pupil unit, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year. If the amount of the excess is more than $250 per actual pupil unit, the district shall receive the greater of (1) $250 times the actual pupil units; or (2) the amount of the excess times the actual pupil units less the sum of (i) the difference between the district's training and experience revenue and its previous formula training and experience revenue; and (ii) the difference between the district's compensatory education revenue and its previous formula compensatory~~

~~education revenue.~~ *A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 9.*

(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its actual pupil units for that year.

Sec. 17. Minnesota Statutes 1992, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [~~DEFINITION FOR~~ SUPPLEMENTAL REVENUE *REDUCTION.*] ~~(a) The definition in this subdivision applies only to subdivision 8.~~

~~(b) "Minimum allowance" for a district means:~~

~~(1) the district's general education revenue for fiscal year 1992, according to subdivision 1; divided by~~

~~(2) the district's 1991-1992 actual pupil units.~~ *A district's supplemental revenue allowance is reduced by the sum of:*

(1) the sum of one-fourth of the difference of:

(i) the sum of the district's training and experience revenue and compensatory revenue per actual pupil unit for that fiscal year, and

(ii) the sum of district's training and experience revenue and compensatory revenue per actual pupil unit for fiscal year 1994; and

(2) the difference between the formula allowance for the current fiscal year and $3,050.

A district's supplemental revenue allowance may not be less than zero.

Sec. 18. [124A.225] [LEARNING AND DEVELOPMENT REVENUE AMOUNT AND USE.]

Subdivision 1. [REVENUE.] *Of a district's general education revenue an amount equal to the sum of the number of elementary pupil units defined in section 124.17, subdivision 1, clause (f) and kindergarten pupil units as defined in section 124.17, subdivision 1, clause (e), times .03 for fiscal year 1994 and .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section. A district that is not subject to a supplemental revenue reduction under section 17 or a referendum revenue reduction under section 10 must reserve an additional amount of revenue equal to $100 times the district's actual pupil units times the ratio of the district's elementary average daily membership to the district's average daily membership according to this section. The revenue must be placed in a learning and development reserved account and may only be used according to this section. The ratio for fiscal year 1995 is adjusted by adding an amount equal to the ratio of the difference between the formula allowance for fiscal year 1995 minus 3,150 to 10,000.*

Subd. 2. [INSTRUCTOR DEFINED.] *Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to sections 124.273 and 124.32. Except as provided in section 125.230, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as*

an equivalent only for the number of hours of instruction in grades K through 6.

Subd. 3. [INSTRUCTION CONTACT TIME.] *Instruction may be provided by a primary instructor, by a team of instructors, or by teacher resident supervised by a primary instructor. The district must maximize instructor to learner average instructional contact time.*

Subd. 4. [REVENUE USE.] *Revenue shall be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available. The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-learner ratios in other grades as a result of reducing instructor-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time or to provide the district's share of revenue required under section 124.311. Revenue may be used to continue employment for nonlicensed staff employed in the district on the effective date of this act under Minnesota Statutes 1992, section 123.331, subdivision 2.*

Subd. 5. [ADDITIONAL REVENUE USE.] *If the school board of a school district determines that the district has achieved and is maintaining the instructor-learner ratios specified in subdivision 4 and is using individualized learning plans, the school board may use the revenue to purchase material and services or provide staff development needed for reduced instructor-learner ratios. If additional revenue remains, the district must use the revenue to improve program offerings, including programs provided through interactive television, throughout the district or other general education purposes.*

Sec. 19. Minnesota Statutes 1992, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises ~~$916,000,000 for fiscal year 1993 and~~ $969,800,000 for fiscal year 1994, *$1,044,000,000 for fiscal year 1995* and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 20. Minnesota Statutes 1992, section 124A.23, subdivision 5, is amended to read:

Subd. 5. [USES OF REVENUE.] *Except as provided in section 124A.225,* general education revenue may be used during the regular school year and the summer for general and special school purposes.

Sec. 21. Minnesota Statutes 1992, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid

authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding training and experience revenue and supplemental revenue, for the same school year, according to section 124A.22.

~~However, for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2).~~

Sec. 22. Minnesota Statutes 1992, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds ~~$600~~ *25 percent of the formula allowance for the current fiscal year* times the fund balance pupil units in the prior year. For purposes of this subdivision and section 124.243, subdivision 2, fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus 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~~ *$250* 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. 23. Minnesota Statutes 1992, section 124A.26, is amended by adding a subdivision to read:

Subd. 4. [ALLOCATION AMONG OPERATING FUNDS.] *The revenue reduction required under this section must be allocated to the transportation fund and the community service fund in the following manner:*

(1) each year, a school district shall calculate the ratio of the transportation net unappropriated operating fund balance and the community service net unappropriated operating fund balance to the total net unappropriated operating fund balance;

(2) multiply the ratios computed in clause (1) by the total fund balance reduction required under this section;

(3) the school district shall transfer the amounts, if any, calculated in clause (2) from the transportation and community service funds to the general fund.

Sec. 24. [124A.698] [POLICY.]

Financing the education of our children is one of state government's most important functions. In performing this function, the state seeks to provide sufficient funding while encouraging equity, accountability, and incentives toward quality improvement. To help achieve these goals and to help control future spending growth, the state will fund core instruction and related support services, will facilitate improvement in the quality and delivery of programs and services, and will equalize revenues raised locally for discretionary purposes.

Sec. 25. Minnesota Statutes 1992, section 124A.70, is amended to read:

124A.70 [~~BASIC~~ *CORE* INSTRUCTIONAL AID.]

Subdivision 1. [BASIC OUTCOMES.] Basic outcomes are defined as learner outcomes that must be achieved as a requirement for graduation, specified in rule by the state board of education. Basic outcomes are ~~those outcomes that have standards of achievement determined by the state board~~ *the basic knowledge and skills determined necessary by the board for graduates to become productive employees, parents, and citizens. The board shall review and amend, if necessary, its graduation rule every two years.*

Subd. 2. [AID AMOUNT.] ~~Basic~~ *Core* instructional aid is equal to the ~~aid allowance~~ *cost determined necessary by the legislature to achieve the basic outcomes for each student* times the number of *actual* pupil units for the school year *plus support services aid for the district as determined under section 124A.711*. The *core instructional* aid allowance for fiscal year ~~2000~~ *1998* and thereafter is zero.

~~Subd. 3. [SPECIAL NEED AID.] Each district shall receive special need aid equal to zero times the number of actual pupil units for the school year times the district's special need index.~~

~~Subd. 4. [COST DIFFERENTIAL AID.] Each district shall receive aid equal to zero times the number of actual pupil units for the school year times its cost differential index. This aid is only available if the district has implemented a career teacher program.~~

Subd. 3a. [AID TO LEARNING SITES.] *Each district is encouraged to direct core instructional aid to the learning sites in the district and minimize the core instructional aid used for other programs or services. Each district shall, to the extent possible, facilitate allocation of each learning site's core instructional aid by site management teams consisting of site administrators, teachers, parents, and other interested persons.*

Subd. 5. [AID USES.] Aid received under this section may only be used to deliver instructional services needed to assure that all pupils in the district achieve *the* basic outcomes through the following ~~uses~~ *programs and services*:

(1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery or provide academic instructional support services;

(2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;

(3) ~~tuition~~ payments to other service providers for direct instruction or instructional materials; ~~and~~

(4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction~~.~~*;*

(5) programs and services related to students' academic and career progression including, but not limited to, community- and work-based learning through mentoring, community service, and youth apprenticeships;

(6) early childhood education programs designed to ensure that students are ready to learn when they enter the education system; and

(7) activities related to measurement of student progress toward basic outcomes.

Sec. 26. [124A.711] [SUPPORT SERVICES AID.]

Subdivision 1. [SUPPORT SERVICES.] *"Support services" means services and programs beyond the core instruction considered essential to allow students to achieve the basic outcomes including, but not limited to, the following:*

(1) counselors, psychologists, and social workers;

(2) services and programs for students needing special education and handicapped children aged zero to three;

(3) health care, including early childhood screening;

(4) transportation;

(5) nutrition programs;

(6) libraries and other media and information centers;

(7) programs for specialized curricula relating to programs such as violence prevention, AIDS awareness and prevention, and drug abuse prevention; and

(8) programs and services for students judged to be at high risk of not completing their education or otherwise having a social or economic problems in excess of other students.

Subd. 2. [DETERMINATION OF AID.] *The total amount of support services aid shall be determined according to indices for each service recommended by the commissioner of education after consultations with appropriate state agencies, educators, and other interested persons. The commissioner shall recommend indices and aid amounts to the legislature by February 1 of each odd-numbered year. The indices shall reflect the need for each service based on the economic, geographic, demographic, and other appropriate characteristics of each district.*

Sec. 27. Minnesota Statutes 1992, 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 $115,000,~~ The value of the remaining land including improvements ~~equal~~ *up* to ~~the difference between~~ $115,000 ~~and the market value of the house, garage, and surrounding one acre of land~~ has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over $115,000 of market value that does not exceed 320 acres has a net class rate of ~~1.3~~ *one* percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the $115,000 market value in excess of 320 acres has a class rate of ~~1.6~~ *1.5* percent of market value, and a gross class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of ~~1.6~~ *1.5* percent of market value, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 28. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) ~~"Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.~~

~~(d)~~ "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that ~~for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between $68,000 and $110,000 and 2.5 percent for the market value over $110,000;~~ for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent *and the class rate applicable to class 2a property over $115,000 market value and less than 320 acres is 1.15 percent*, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. *The exclusion of the value of the house, garage, and one acre from the first tier of agricultural homestead property must not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1994.* ~~The reclassification of mobile home parks as class~~

~~4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992.~~ "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

~~(e)~~ *(d)* "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

~~(f)~~ *(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.

~~(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)~~ *(f) "Equalized school levies" means the amounts levied for:*

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.244, subdivision 2;

(5) basic transportation under section 124.226, subdivision 1; and

(6) referendum revenue under section 124A.03.

(g) "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)~~ *(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," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. ~~Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989.~~ "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

"Taxes levied" excludes ~~actual amounts levied for purposes listed in subdivision 2a~~ *equalized school levies*.

~~(k)~~ *(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;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

~~(l) "Cost of living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.~~

~~(o) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p)~~ *(j)* "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.

~~(q)~~ *(k)* "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

~~(r)~~ *(l)* For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

~~(s)~~ *(m)* "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)~~ *(n)* "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which

aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies ~~as defined in subdivision 2a~~.

Sec. 29. Minnesota Statutes 1992, section 273.1398, subdivision 2a, is amended to read:

Subd. 2a. [EDUCATION LEVY REDUCTION.] (a) As used in this subdivision, "equalized levies" means the sum of the maximum amounts that may be levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.23, subdivision 2a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.44, subdivision 2; ~~and~~

(5) basic transportation under section 124.226, subdivision 1; *and*

(6) referendum revenue under section 124A.03.

(b) By December 1, the commissioner of education shall determine and certify to the commissioner of revenue the amount of the education levy reduction. The reduction shall be equal to the amount by which:

(1) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted gross tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted gross tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor, exceeds

(2) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted net tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted net tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor.

(c) For property taxes payable in 1990, the amount of the education levy reduction shall be deducted from the homestead and agricultural credit aid payable to each school district under subdivision 2.

Homestead and agricultural credit aid shall not be reduced below zero.

Sec. 30. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the

school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; ~~and~~

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified; *and*

(7) the amount required under section 124.755.

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 of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 governing body of a county shall hold its hearing on the second Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

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. 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 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. The city must not select dates that conflict with the county hearing dates or with those elected by or assigned to the school districts in which the city is located.

The county hearing dates and the city and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts.

Sec. 31. Minnesota Statutes 1992, 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~~ *second previous* 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 124.918, subdivision 8, 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~~ *1994*, ~~1990,~~ and ~~1991,~~ ~~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). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years,~~ *and subsequent years, an amount equal to the increase derived by increasing the amount determined by paragraph (c) 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,* the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, *paragraph (a)*. Each district shall receive the product of:

(i) $175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of $175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve $25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the

academic quality of the district's curriculum. The outcome-based learning 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. 32. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 24. [LOCAL TAX RATE.] *"Local tax rate" means a governmental unit's levy, including any portion levied against market value under section 124A.03, subdivision 2a, divided by its net tax capacity.*

Sec. 33. [SPECIAL DEFINITION OF A PUPIL UNIT IN ONAMIA.]

Notwithstanding Minnesota Statutes, section 124.17, for fiscal year 1994 only, a resident pupil of independent school district No. 480, Onamia, who enrolls in a nonpublic school located on a reservation shall be counted as one-half of a pupil unit in average daily membership.

Sec. 34. [GENERAL EDUCATION REVENUE REDUCTION; SLAYTON.]

Subdivision 1. [QUALIFICATION.] *Independent school district No. 504, Slayton, is eligible for revenue under this section if the district has an approved plan for cooperation and combination. If the referendum required under Minnesota Statutes, section 122.243, subdivision 2, fails, the aid adjustment required in subdivision 2 cancels and the department of education shall make a negative adjustment to the following year's aid payments for any amount actually paid to the district. If the referendum fails, the district's levy authority under subdivision 3 is canceled. If the levy has already been certified, the department of education shall make a negative levy adjustment to the following year's general education levy limitations.*

Subd. 2. [AID ADJUSTMENT.] *For fiscal year 1994 only, the department of education shall include in the general education aid calculation for independent school district No. 504, Slayton, the sum of the amounts by which the district's general education aid was reduced for fiscal years 1992 and 1993 under Minnesota Statutes, section 124A.26.*

Subd. 3. [LEVY ADJUSTMENT.] *For 1993 taxes payable in 1994 only, independent school district No. 504, Slayton, or its successor district, may levy an amount not to exceed the sum of the levy reductions for fiscal years 1992 and 1993 resulting from the general education revenue fund balance reduction under Minnesota Statutes, section 124A.26.*

Sec. 35. [COALITION FOR EDUCATION REFORM AND ACCOUNTABILITY; TRANSITION PROVISIONS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] *The coalition for educational reform and accountability is established to promote public understanding of and support for policies and practices that help Minnesota students attain world-class education outcomes and succeed in the 21st century. The coalition shall promote innovation and sustainable reform in education.*

Subd. 2. [MEMBERSHIP.] *The coalition shall consist of 24 members. The coalition is encouraged to seek private donations and may hire an executive director if funds are available. The members, appointed by the panel in subdivision 3, must include eight people directly involved in public education*

including higher education, six people who represent state and local governments, and ten people who are public members, including parents, business leaders, labor leaders, government leaders, educators, journalists, and others who have demonstrated a commitment to excellence in Minnesota public schools. Membership terms and removal are governed by Minnesota Statutes, section 15.059.

Subd. 3. [PANEL.] *A panel, composed of one person appointed by the governor, one person appointed by the speaker of the House of Representatives, one person appointed by the subcommittee on committees of the Senate committee on rules and administration, and the commissioner of education, shall appoint the members of the coalition. The members of the panel appointed by the speaker and the subcommittee on committees shall serve as two of the six members of the coalition representing state and local government. The panel shall consider gender and geographical and racial diversity in the appointments. The commissioner of education shall chair and convene the panel. The panel must make the first appointments to the coalition by September 1, 1993.*

Subd. 4. [ACTIVITIES TO PROMOTE INNOVATION.] *Coalition activities to promote innovation and sustainable reform in education include:*

(1) developing a strategic plan and corresponding target dates for implementing major reform goals and practices;

(2) encouraging and supporting policies to bring systemic change into the state's public schools;

(3) assisting in implementing various reform and accountability initiatives adopted by the state;

(4) reporting annually on the state's progress in developing and implementing student and system outcomes; and

(5) working with all stakeholders to identify and monitor their respective responsibilities for helping students and the public education system achieve educational objectives.

Subd. 5. [FINANCIAL PLAN.] *The coalition must deliver to the legislature by January 31, 1995, a plan to achieve the purposes of Minnesota Statutes, sections 124A.698 to 124A.72. The plan shall at least include:*

(1) proposed definitions and estimated costs of core instruction, support services, and local discretionary services;

(2) an implementation schedule for realizing this section by fiscal year 2000;

(3) a process to monitor the development of education outcomes and make proposals for rewarding the progress that learning sites make toward achieving the outcomes and assisting those learning sites unable to make such progress;

(4) consideration of whether the delivery system for implementing the proposed changes is more appropriately a prekindergarten through grade 10 system combined with a revised post-secondary system or the current prekindergarten through grade 12 system, and an examination of the most effective delivery system for programs such as youth apprenticeship, enroll-

ment options, technical preparation, and secondary vocational programs, and area learning centers; and

(5) other law and rule changes necessary to accomplish the purposes of this section.

Subd. 6. [STUDY.] *The coalition, in conjunction with the Minnesota state high school league, the Minnesota academic excellence foundation, and the Minnesota school board association shall study the cost of and accounting for co-curricular and extracurricular activities and the implications of how the activities are funded. The coalition shall deliver the results of the study to the legislature with the plan required under subdivision 5.*

Subd. 7. [EXPIRATION.] *Notwithstanding Minnesota Statutes, section 15.059, subdivision 5, the coalition expires June 30, 2000.*

Sec. 36. [LEVY ADJUSTMENT; APPLETON.]

Notwithstanding any law to the contrary, independent school district No. 784, Appleton, must not receive a negative levy adjustment for any referendum levy certified for taxes payable in 1992. For taxes payable in 1994 only, independent school district No. 784, Appleton, shall make a positive levy adjustment in an amount equal to the amount of the negative levy adjustment attributable to the district's referendum levy made to the district's 1992 taxes payable in 1993.

Sec. 37. [REFERENDUM AUTHORITY.]

Unless scheduled to expire sooner, a referendum levy authorized under section 124A.03, expires July 1, 1997.

Sec. 38. [TAX CREDIT ADJUSTMENT.]

Prior to the computation of homestead and agricultural aid for taxes payable in 1994, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the homestead and agricultural aid for calendar year 1993 times the ratio of referendum levy certified for 1993 to the certified unequalized levies for 1993. The department of education shall determine the change in referendum levies payable in 1994 attributable to the increase in equalization under sections 8 and 9. Notwithstanding any law to the contrary, a district may recognize revenue equal to one-half of the levy reduction in the fiscal year the levy is certified and each year thereafter.

Sec. 39. [PAYMENT DATES.]

Upon notification from the commissioner of finance of the need to reduce or avoid state short-term borrowing in fiscal year 1995, the commissioner of education shall delay payments due under section 124.195, subdivision 3, by up to ten business days. For purposes of this section, the commissioner of education may make adjustments in the amount of delayed payments to a school district if it is determined that the district's cash balances will not be sufficient to cover payroll during the 15-day period following the due date.

Sec. 40. [GENERAL EDUCATION REVENUE CORRECTION.]

Subdivision 1. [DULUTH RECOMPUTATION.] *The department of education shall recompute the base revenue in fiscal year 1988 for supplemental revenue determination for fiscal year 1994 and thereafter for the omission of*

supplemental pension contributions for independent school district No. 709, Duluth.

Subd. 2. [COMPUTATION.] *The department of education, with consultation of the legislative commission on pensions and retirement, shall determine the pension contribution amounts in subdivision 1.*

Sec. 41. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] *For general and supplemental education aid:*

$1,795,024,000 1994

$2,040,181,000 1995

The 1994 appropriation includes $257,551,000 for 1993 and $1,537,473,000 for 1994.

The 1995 appropriation includes $270,110,000 for 1994 and $1,770,071,000 for 1995.

Sec. 42. [REPEALER.]

Laws 1988, chapter 486, section 59, is repealed. Minnesota Statutes 1992, section 124.197, is repealed July 1, 1993.

Sec. 43. [EFFECTIVE DATE.]

Section 16 is effective for supplemental revenue beginning July 1, 1993. Sections 7, 8, 9, 10, 11, 13, 14, 15, 17, 22, and 23 are effective for revenue for fiscal year 1995.

Section 6 is effective the day following final enactment and shall be applicable to all school district debt obligations issued on or after its effective date.

Section 4 is effective for assessment year 1992 and subsequent years. Section 28 is effective for taxes payable in 1994 and subsequent years. Section 29 is effective for aids payable in 1994 and subsequent years.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 9, is amended to read:

Subd. 9. [TRANSPORTATION.] *(a)* 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. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

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 123.39, subdivision 6, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

(b) Notwithstanding paragraph (a) and section 124.225, subdivision 8l, transportation provided by a nonresident district between home and school for a pupil attending school under this section is authorized for nonregular transportation revenue under section 124.225, if the following criteria are met:

(1) the school that the pupil was attending prior to enrolling in the nonresident district under this section was closed;

(2) the distance from the closed school to the next nearest school in the district that the student could attend is at least 20 miles;

(3) the pupil's residence is at least 20 miles from any school that the pupil could attend in the resident district; and

(4) the pupil's residence is closer to the school of attendance in the nonresident district than to any school the pupil could attend in the resident district.

Sec. 2. Minnesota Statutes 1992, 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, subdivision 1, 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, subdivision 1, and for which levy is not authorized under section 124.226, subdivision 5, 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;

(m) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program under section 123.39, subdivision 16. Fees collected for this service must be reasonable and shall be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 123.3514, subdivision 8, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts shall allocate costs based on the number of pupils riding the route.

Sec. 3. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 15. [PUPIL TRANSPORT ON STAFF DEVELOPMENT DAYS.] *A school district may provide bus transportation between home and school for pupils on days devoted to parent-teacher conferences, teacher's workshops, or other staff development opportunities. If approved by the commissioner as part of a program of educational improvement, the cost of providing this transportation, as determined by generally accepted accounting principles, must be considered part of the authorized cost for regular transportation for the purposes of section 124.225. The commissioner shall approve inclusion of these costs in the regular transportation category only if the total number of instructional hours in the school year divided by the total number of days for which transportation is provided equals or exceeds the number of instructional hours per day prescribed in the rules of the state board.*

Sec. 4. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 16. [POST-SECONDARY ENROLLMENT OPTIONS PUPILS.] *School districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (c), clause (2), when space is available, for pupils attending programs at a post-secondary institution under the post-secondary enrollment options program. The transportation is permitted only if it does not increase the district's expenditures for transportation. Fees*

collected for this service under section 120.73, subdivision 1, paragraph (m), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 5. Minnesota Statutes 1992, 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 (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, paragraph (c), 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) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

(4) Desegregation transportation is transportation during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted ~~FTE pupils transported~~ *FTE's* in the regular and excess categories in the base year.

(h) "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~~ *FTE's* 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.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "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.

(k) "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.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's ~~transported~~ in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 6. Minnesota Statutes 1992, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost 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 ~~$421~~ *$447* for the ~~1989-1990~~ *1991-1992* base year and ~~$434~~ *$463* for the ~~1990-1991~~ *1992-1993* base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 7. Minnesota Statutes 1992, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~4.0~~ *2.35* percent to determine the district's regular transportation allowance for the ~~1991-1992~~ *1993-1994* school year and by ~~2.0~~ *3.425* percent to determine the district's regular transportation allowance for the ~~1992-1993~~ *1994-1995* school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 8. Minnesota Statutes 1992, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. [TRANSPORTATION REVENUE.] Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's ~~transported~~ by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) ~~The nonregular transportation revenue for each district for the 1991-1992 school year equals the lesser of the district's actual costs in the 1991-1992 school year for nonregular transportation services or the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership~~

~~for the 1990-1991 school year according to section 124.17, subdivision 2, times 1.03, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the 1991-1992 school year according to subdivision 7e.~~

~~(c)~~ For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's ~~transported~~ in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor *is 1.0435* for the ~~1992-1993~~ *1993-1994* school year ~~is 1.061~~ *and 1.03425 for the 1994-1995 school year.*

Sec. 9. Minnesota Statutes 1992, section 124.225, subdivision 7e, is amended to read:

Subd. 7e. [EXCESS NONREGULAR TRANSPORTATION REVENUE.] ~~(a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:~~

~~(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), and~~

~~(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.~~

~~(b)~~ A district's excess nonregular transportation revenue for ~~the~~ 1992-1993 ~~school year~~ and later school years equals an amount equal to 80 percent of the difference between:

(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and

(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.

~~(c) The state total excess nonregular transportation revenue must not exceed $2,000,000 for the 1991-1992 school year and $2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit set in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).~~

Sec. 10. Minnesota Statutes 1992, section 124.226, subdivision 3, is amended to read:

Subd. 3. [OFF-FORMULA ADJUSTMENT.] In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by *the difference between* the amount of the excess *and the amount of the aid reduction for the same fiscal year according to subdivision 3a.*

Sec. 11. Minnesota Statutes 1992, section 124.226, is amended by adding a subdivision to read:

Subd. 3a. [TRANSPORTATION LEVY EQUITY.] *(a) If a district's basic transportation levy for a fiscal year is adjusted according to subdivision 3, an amount must be deducted from the state payments that are authorized in chapter 273 and that are receivable for the same fiscal year. The amount of the deduction equals the difference between:*

(1) the district's transportation revenue under section 124.225, subdivision 7d; and

(2) the sum of the district's maximum basic transportation levy under subdivision 1, the district's maximum nonregular levy under subdivision 4, the district's maximum excess transportation levy under subdivision 5, the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a.

(b) Notwithstanding paragraph (a), for fiscal year 1995, the amount of the deduction is one-fourth of the difference between clauses (1) and (2); for fiscal year 1996, the amount of the deduction is one-half of the difference between clauses (1) and (2); and for fiscal year 1997, the amount of the deduction is three-fourths of the difference between clauses (1) and (2).

(c) The amount of the deduction in any fiscal year must not exceed the amount of state payments that are authorized in chapter 273 and that are receivable for the same fiscal year in the district's transportation fund.

Sec. 12. Minnesota Statutes 1992, section 124.226, subdivision 9, is amended to read:

Subd. 9. [LATE ACTIVITY BUSES.] (a) A school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the district's regular transportation revenue for that school year according to section 124.225, subdivision 7d, paragraph (a).

(b) A district that levies under this section must provide late transportation ~~home~~ from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

~~(c) A district may levy under this subdivision only if the district provided late transportation home from school during fiscal year 1991.~~

Sec. 13. Laws 1991, chapter 265, article 2, section 19, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

$116,340,000 1992

$123,133,000 1993

The 1992 appropriation includes $17,679,000 for 1991 and $98,661,000 for 1992.

The 1993 appropriation includes $17,146,000 for 1992 and $105,987,000 for 1993.

~~$1,500,000~~ *$2,000,000* in fiscal year 1992 and ~~$1,000,000~~ *$500,000* in fiscal year 1993 are for desegregation costs not funded in the regular or nonregular transportation formulas. The department shall allocate these amounts in proportion to the unfunded desegregation costs. Any excess of the 1992 amount is not available for transfer under Minnesota Statutes, section 124.14, subdivision 7 and is available for unfunded desegregation costs in 1993.

In fiscal year 1992, only, for purposes of this subdivision, "desegregation costs" means all expenditures for desegregation transportation as defined in Minnesota Statutes, section 124.225, subdivision 1, paragraph (c), clause (4), for which aid is authorized in Minnesota Statutes, section 124.223, plus an amount equal to one year's depreciation, computed according to Minnesota Statutes, section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4), on district school buses used primarily for desegregation transportation.

Sec. 14. [ADDITIONAL LATE ACTIVITY LEVY.]

A school district that is eligible to certify a levy under section 12 and was not eligible to certify a levy in 1992 under Minnesota Statutes, section 124.226, subdivision 9, may certify an additional amount in 1993 for taxes payable in 1994 equal to the amount it would have been authorized to certify in 1992 for taxes payable in 1993 had it been eligible. A levy authorized under this section must be recognized according to Minnesota Statutes, section 124.918, subdivision 6.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [TRANSPORTATION AID.] *For transportation aid according to Minnesota Statutes, section 124.225:*

$127,889,000 1994

$141,658,000 1995

The 1994 appropriation includes $18,327,000 for 1993 and $108,706,000 for 1994.

The 1995 appropriation includes $19,183,000 for 1994 and $120,410,000 for 1995.

Subd. 3. [TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS.] *For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514:*

$52,000 1994

$58,000 1995

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] *For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621:*

$15,000 1994

$19,000 1995

Subd. 5. [TRANSFER AUTHORITY.] *If the appropriation in subdivision 3 or 4 for either year exceeds the amount needed to pay the state's obligation for that year under that subdivision, the excess amount may be used to make payments for that year under the other subdivision.*

Sec. 16. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

Sections 10 and 11 are effective July 1, 1994.

Sections 12 and 14 are effective for levies certified in 1993 for taxes payable in 1994.

Section 13 is effective for fiscal years 1992 and 1993 only.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1992, section 120.17, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] (a) Special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

(1) in connection with attending regular elementary and secondary school classes;

(2) establishment of special classes;

(3) at the home or bedside of the child;

(4) in other districts;

(5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;

(6) in a state residential school or a school department of a state institution approved by the commissioner;

(7) in other states;

(8) by contracting with public, private or voluntary agencies;

(9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;

(10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and

(11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a child with a disability shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used. *If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services shall notify the child's district of residence before the child's individual education plan is developed and shall provide the district of residence an opportunity to participate in the plan's development.* The district of residence must inform the parents of the child about the methods of instruction that are available.

(d) Paragraphs (e) to (i) may be cited as the "blind persons' literacy rights and education act."

(e) The following definitions apply to paragraphs (f) to (i).

"Blind student" means an individual who is eligible for special educational services and who:

(1) has a visual acuity of 20/200 or less in the better eye with correcting lenses or has a limited field of vision such that the widest diameter subtends an angular distance of no greater than 20 degrees; or

(2) has a medically indicated expectation of visual deterioration.

"Braille" means the system of reading and writing through touch commonly known as standard English Braille.

"Individualized education plan" means a written statement developed for a student eligible for special education and services pursuant to this section and section 602(a)(20) of part A of the Individuals with Disabilities Education Act, United States Code, title 20, section 1401(a).

(f) In developing an individualized education plan for each blind student the presumption must be that proficiency in Braille reading and writing is essential for the student to achieve satisfactory educational progress. The assessment required for each student must include a Braille skills inventory, including a statement of strengths and deficits. Braille instruction and use are not required by this paragraph if, in the course of developing the student's

individualized education program, team members concur that the student's visual impairment does not affect reading and writing performance commensurate with ability. This paragraph does not require the exclusive use of Braille if other special education services are appropriate to the student's educational needs. The provision of other appropriate services does not preclude Braille use or instruction. Instruction in Braille reading and writing shall be available for each blind student for whom the multidisciplinary team has determined that reading and writing is appropriate.

(g) Instruction in Braille reading and writing must be sufficient to enable each blind student to communicate effectively and efficiently with the same level of proficiency expected of the student's peers of comparable ability and grade level.

(h) The student's individualized education plan must specify:

(1) the results obtained from the assessment required under paragraph (f);

(2) how Braille will be implemented through integration with other classroom activities;

(3) the date on which Braille instruction will begin;

(4) the length of the period of instruction and the frequency and duration of each instructional session;

(5) the level of competency in Braille reading and writing to be achieved by the end of the period and the objective assessment measures to be used; and

(6) if a decision has been made under paragraph (f) that Braille instruction or use is not required for the student:

(i) a statement that the decision was reached after a review of pertinent literature describing the educational benefits of Braille instruction and use; and

(ii) a specification of the evidence used to determine that the student's ability to read and write effectively without Braille is not impaired.

(i) Instruction in Braille reading and writing is a service for the purpose of special education and services under this section.

(j) Paragraphs (e) to (i) shall not be construed to supersede any rights of a parent or guardian of a child with a disability under federal or state law.

Sec. 2. Minnesota Statutes 1992, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of children with a disability. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of children with a disability. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of

health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. *These rules are binding on state and local education, health, and human services agencies.* The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 3. Minnesota Statutes 1992, section 120.17, subdivision 11a, is amended to read:

Subd. 11a. [STATE INTERAGENCY COORDINATING COUNCIL.] An interagency coordinating council of at least ~~15 members~~ *17,* but not more than 25 *members* is established, in compliance with Public Law Number 102-119, section 682. The members shall be appointed by the governor. Council members shall elect the council chair. The representative of the commissioner of education may not serve as the chair. The council shall be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, ~~three~~ *five* representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, and jobs and training, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

Each year by June 1, the council shall recommend to the governor and the commissioners of education, health, human services, commerce, and jobs and training policies for a comprehensive and coordinated system.

Sec. 4. Minnesota Statutes 1992, section 120.17, subdivision 11b, is amended to read:

Subd. 11b. [RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL ~~DISTRICTS~~ *BOARDS.*] It is the joint responsibility of county boards and school ~~districts~~ *boards* to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services *for children eligible under section 120.03* must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. *The services provided must be in conformity with an individual family service plan (IFSP) as defined in code of federal regulations, title 34, sections 303.340, 303.341a, and 303.344 for each eligible infant and toddler from birth through age two and its family, or an individual education plan (IEP) or individual service plan (ISP) for each eligible child ages three through four. County boards and school boards shall not be required to provide any services under an individual family service plan that are not required in an individual education plan or individual service plan.* Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, *special instruction,* case management *including service coordination,* medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services. ~~School districts must be the primary agency in this cooperative effort.~~ *County and school boards shall jointly determine the primary agency in this cooperative effort and must notify the commissioner of education of their decision.*

Sec. 5. Minnesota Statutes 1992, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY INTERVENTION ~~COMMITTEE~~ *COMMITTEES.*] *(a)* A *school* district, group of districts, or special education cooperative, in cooperation with *the health and human service agencies located in* the county or counties in which the district or cooperative is located, shall establish an interagency early intervention committee for children with ~~a disability~~ *disabilities* under age five and their families. ~~Members of the committee~~ *Committees* shall ~~be~~ *include* representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; *parents of young children with disabilities under age twelve;* current service providers; ~~parents of young children with a disability;~~ and *may also include representatives from* other private or public agencies. The committee shall elect a chair from among its members and shall meet at least quarterly.

(b) The committee shall ~~perform~~ *develop and implement interagency policies and procedures concerning* the following ongoing duties:

(1) ~~identify current services and funding being provided within the community for children with a disability under the age of five and their families~~ *develop public awareness systems designed to inform potential recipient families of available programs and services;*

(2) *implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families;*

(3) establish and evaluate the identification, referral, *child and family assessment systems, procedural safeguard process,* and community learning systems to recommend, where necessary, alterations and improvements;

~~(3) facilitate~~ *(4) assure* the development of *individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and* individual education plans and individual service plans when necessary to appropriately serve children with ~~a disability under the age of five~~ *disabilities, age three and older,* and their families and recommend assignment of financial responsibilities to the appropriate agencies. *Agencies are encouraged to develop individual family service plans for children with disabilities, age three and older*;

~~(4)~~ *(5)* implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

~~(5) review and comment on the early intervention section of the total special education system for the district and the county social services plan; and~~

(6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services~~.~~*;*

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families; and

(8) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313).

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families;

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities; and

(3) prepare a yearly summary on the progress of the community in serving young children with disabilities, and their families, including the expenditure of funds, the identification of unmet service needs identified on the individual family services plan and other individualized plans, and local, state, and federal policies impeding the implementation of this section.

(d) The summary must be organized following a format prescribed by the commissioner of education and must be submitted to each of the local agencies and to the state interagency coordinating council by October 1 of each year.

The departments of education, health, and human services ~~are encouraged to~~ *must* provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 6. Minnesota Statutes 1992, section 120.17, subdivision 14, is amended to read:

Subd. 14. [MAINTENANCE OF EFFORT.] A county human services agency or county board shall continue to provide services set forth in their county social service agency plan ~~for~~. *The county human services agency or county board shall serve* children with ~~a disability~~ *disabilities* under age five, and their families, or as specified in the *individualized family service plan for children with disabilities, birth through age two, or the* individual service plan of each child. Special instruction and *related* services for which a child with a disability is eligible under this section ~~are not~~ *are* the responsibility of the local ~~human services agency or county~~ *school* board. It is the joint responsibility of county boards and school ~~districts~~ *boards* to coordinate, provide, and pay for *all* appropriate services ~~not~~ required ~~under this section~~ *in subdivision 11b* and to facilitate payment for services from public and private sources. ~~School districts and counties are encouraged to enter into agreements to cooperatively serve and provide funding for children with a disability under age five and their families.~~

Sec. 7. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 14a. [LOCAL INTERAGENCY AGREEMENTS.] *School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.*

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with subdivision 12;

(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intra-agency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United State Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law Number 102-119.

Sec. 8. Minnesota Statutes 1992, section 120.17, subdivision 15, is amended to read:

Subd. 15. [THIRD PARTY PAYMENT.] Nothing in this section relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services *rendered* to a child with a disability, *and the child's family*.

Sec. 9. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 18. [STATE INTERAGENCY AGREEMENT.] *(a) The commissioners of the departments of education, health, and human services shall enter into an agreement to implement this section and Part H, Public Law Number*

102-119, and as required by Code of Federal Regulations, title 34, section 303.523, to promote the development and implementation of interagency, coordinated, multidisciplinary state and local early childhood intervention service systems for serving eligible young children with disabilities, birth through age two, and their families. The agreement must be reviewed annually.

(b) The state interagency agreement shall outline at a minimum the conditions, procedures, purposes, and responsibilities of the participating state and local agencies for the following:

(1) membership, roles, and responsibilities of a state interagency committee for the oversight of priorities and budget allocations under Part H, Public Law Number 102-119, and other state allocations for this program;

(2) child find;

(3) establishment of local interagency agreements;

(4) review by a state interagency committee of the allocation of additional state and federal early intervention funds by local agencies;

(5) fiscal responsibilities of the state and local agencies;

(6) intra-agency and interagency dispute resolution;

(7) payor of last resort;

(8) maintenance of effort;

(9) procedural safeguards, including mediation;

(10) complaint resolution;

(11) quality assurance;

(12) data collection; and

(13) other components of the state and local early intervention system consistent with Public Law Number 102-119.

Written materials must be developed for parents, IEIC's, and local service providers that describe procedures developed under this section as required by Code of Federal Regulations, title 34, section 303.

Sec. 10. Minnesota Statutes 1992, section 124.245, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] The capital expenditure facilities aid under section 124.243 and the capital expenditure equipment aid under section 124.244 for districts must be adjusted for each pupil~~, excluding a pupil with a disability as defined in section 120.03,~~ attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) Aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

(c) If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.

Sec. 11. Minnesota Statutes 1992, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay a school district a portion of the salary of one full-time equivalent teacher for each ~~45~~ *40* pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary of one-half of a full-time equivalent teacher to a district with ~~22~~ *20* or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time teacher shall be the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment. *For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.*

Sec. 12. Minnesota Statutes 1992, section 124.273, is amended by adding a subdivision to read:

Subd. 2c. [SUPPLY AND EQUIPMENT AID.] *Each year the state shall pay a school district for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of $47 in any one school year for each pupil of limited English proficiency receiving instruction.*

Sec. 13. Minnesota Statutes 1992, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] (a) Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

(b) ~~For the 1991-1992 school year, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or $15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or the product of $15,700 times the ratio of the person's actual employment to full-time employment.~~

~~(c)~~ For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 14. Minnesota Statutes 1992, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, *in place of special instruction and services provided by the district,* the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the ~~amount of time~~ *fraction of the school day* the pupil receives services under the contract. *For special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, the state shall pay each district 52 percent of the amount of the contract for that pupil.*

Sec. 15. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 1f. [ESSENTIAL PERSONNEL.] *For the purposes of this section and section 124.321, essential personnel means teachers, related services and support services staff providing direct services to students.*

Sec. 16. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 12. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] *For purposes of this section, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.*

Sec. 17. Minnesota Statutes 1992, section 124.321, subdivision 1, is amended to read:

Subdivision 1. [LEVY EQUALIZATION REVENUE.] Special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) ~~66~~ *68* percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) ~~66~~ *68* percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) ~~61~~ *68* percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section ~~124.321~~ *124.322*, subdivision 4, plus

(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

Sec. 18. Minnesota Statutes 1992, section 124.321, subdivision 2, is amended to read:

Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.] (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) ~~66~~ *68* percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) ~~66~~ *68* percent of the salaries paid to essential personnel in that district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) ~~61~~ *68* percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to ~~66~~ *68* percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 19. Minnesota Statutes 1992, section 124.322, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] *In this section, the definitions in this subdivision apply.*

(a) "Base revenue" means the following:

(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;

(2) for the second fiscal year after approval of a district's application, base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1; and

(3) for the third fiscal year after approval of a district's application, and thereafter, base revenue means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1, based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

(b) "Base aid" means the following:

(1) for the first fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10;

(2) for the second fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10; and

(3) for the third fiscal year after approval of a district's application and thereafter, base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education in the application plan.

(c) Notwithstanding paragraphs (a) and (b), base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32, subdivision 5.

(d) "Alternative delivery revenue inflator" means:

(1) For the first fiscal year after approval of a district's application, the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.

(2) For the second and later fiscal years, the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.

(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.

Sec. 20. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, a ~~district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable,~~ *district's alternative delivery revenue equals its base revenue* multiplied by ~~1.03~~ *the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year.* ~~For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03.~~ *For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.*

Sec. 21. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a ~~district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, 5, and 10,~~ *district's alternative delivery aid equals its base aid* multiplied by ~~1.03~~ *the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.* ~~The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03.~~ A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, *1d,* 2, 5, and 10, for the same fiscal year.

Sec. 22. Minnesota Statutes 1992, section 124.322, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE DELIVERY LEVY REVENUE.] A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated ~~for the second or third fiscal years~~, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. ~~For fiscal year 1993 and thereafter,~~ The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Sec. 23. [124.323] [SPECIAL EDUCATION EXCESS COST AID.]

Subdivision 1. [DEFINITIONS.] *In this section, the definitions in this subdivision apply.*

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.32, subdivisions 1b, 1d, 2, and 10, and 124.322, subdivision 2; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.32, subdivisions 1b, 1d, 2, and 10; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2; minus

(4) tuition receipts under section 120.17.

(b) "General revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e.

Subd. 2. [EXCESS COST AID.] *For 1995 and later fiscal years, a district's special education excess cost aid equals the product of:*

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Sec. 24. Minnesota Statutes 1992, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a fiscal year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and

(b) 40 percent of approved expenditures for the following:

(1) *salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;*

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;

~~(2)~~ *(3)* necessary travel between instructional sites by licensed secondary vocational education personnel;

~~(3)~~ *(4)* necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

~~(4)~~ *(5)* curriculum development activities that are part of a five-year plan for improvement based on program assessment;

~~(5)~~ *(6)* necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

~~(6)~~ *(7)* specialized vocational instructional supplies.

Sec. 25. Minnesota Statutes 1992, section 124.573, is amended by adding a subdivision to read:

Subd. 2e. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] *For purposes of subdivision 2b, paragraph (b), a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational education programs among participating school districts.*

Sec. 26. Minnesota Statutes 1992, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] *(a)* Each year the state shall pay to any district ~~or cooperative center~~ a portion of the salary of each essential licensed person *who provides direct instructional services to students,* employed during that fiscal year for services rendered in that ~~district or center's~~ *district's* secondary vocational education programs for children with a disability.

~~(a) For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or $15,700. The portion for a part-time or limited-time person shall be the lesser of 56.4 percent of the salary or the product of $15,700 times the ratio of the person's actual employment to full-time employment.~~

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 27. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 4a. [ADDITIONAL AID.] *A school district may contract with another Minnesota school district or cooperative center for vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12. The state shall pay the school district an amount equal to 52 percent of the amount of the contract for that pupil. The contracts must be approved by the commissioner.*

Sec. 28. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 9. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] *For purposes of this section, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among partici-*

pating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 29. Minnesota Statutes 1992, 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 pupil with a disability as defined in section 120.03 or a pupil without a disability as defined by section 120.181,~~ attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence shall pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 120.03, or a pupil, as defined in section 120.181, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of *general education aid, the amount of capital expenditure facilities aid and capital expenditure equipment aid received under section 124.245, subdivision 6, and* 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 pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

Sec. 30. Minnesota Statutes 1992, section 125.189, is amended to read:

125.189 [LICENSURE REQUIREMENTS.]

~~In addition to other requirements,~~ *The board of teaching will review and determine appropriate licensure requirements for* a candidate for a license or an applicant for a continuing license to teach ~~hearing-impaired~~ *deaf and hard of hearing* students in ~~kindergarten~~ *prekindergarten* through grade 12. *In*

addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the ~~Quality Assurance Systems Project of the department of education~~ *board.*

Sec. 31. Minnesota Statutes 1992, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION.] This chapter is repealed July 1, ~~1993~~ *1995.*

Sec. 32. [ASL GUIDELINES.]

(a) In determining appropriate licensure requirements for teachers of deaf and hard of hearing students under Minnesota Statutes, section 125.189, the board of teaching shall develop the requirements according to the guidelines described in this section.

(b) Each teacher must complete the American sign language sign communication proficiency interview or a comparable American sign language evaluation that the board of teaching, the Minnesota association of deaf citizens, and the Minnesota council for the hearing impaired accept as a means for establishing the teacher's baseline level of American sign language skills. A teacher shall not be charged for this evaluation.

(c) Each teacher must complete 60 continuing education credits in American sign language, American sign language linguistics, or deaf culture for every 120 continuing education credits the teacher is required to complete to renew a teaching license.

(d) As a condition of obtaining an initial license to teach deaf and hard of hearing students, a person must demonstrate in the sign communication proficiency interview an intermediate plus level of proficiency in American sign language.

(e) Each teacher applying to renew a teaching license and each teacher holding a teaching license from another state who wishes to apply for a Minnesota teaching license must take the American sign language sign communication proficiency interview or a comparable American sign language evaluation every five years until the teacher demonstrates a minimum, or survival plus, level of proficiency in American sign language.

(f) A teacher working directly with students whose primary language is American sign language should demonstrate at least an advanced level of proficiency in American sign language. The board should not consider a minimum, or survival plus, level of proficiency adequate for providing direct instruction to students whose primary language is American sign language.

(g) To renew a teaching license, a teacher must comply with paragraphs (c) and (e) in addition to other applicable board requirements. A teacher's ability to demonstrate a minimum, or survival plus, level of proficiency in American sign language is not a condition for renewing the teacher's license.

(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a comparable American sign language evaluation shall receive credit toward completing the requirements of paragraph (c). The number of continuing education credits the teacher receives is based on the teacher's increased level of proficiency from the teacher's baseline level:

(1) 35 continuing education credits for demonstrating an intermediate level of proficiency;

(2) 40 continuing education credits for demonstrating an intermediate plus level of proficiency;

(3) 45 continuing education credits for demonstrating an advanced level of proficiency;

(4) 50 continuing education credits for demonstrating an advanced plus level of proficiency;

(5) 55 continuing education credits for demonstrating a superior level of proficiency; and

(6) 60 continuing education credits for demonstrating a superior plus level of proficiency.

Sec. 33. [DEVELOPING GREATER FLEXIBILITY IN DELIVERING SPECIAL EDUCATION SERVICES.]

Subdivision 1. [PURPOSE; AUTHORIZATION.] *In an effort to change the overall emphasis in special education from complying with laws and rules to also improving educational opportunities for a wide range of students, including those who are disabled, those for whom English is a second language, and those with unique learning styles, a pilot project is established to permit independent school district No. 625, St. Paul, to develop and implement an integrated service model for delivering special education services and programs to eligible students under Minnesota Statutes, section 120.17, and alternative delivery of specialized instructional services under Minnesota Statutes, section 120.173. As part of the pilot project, the state board of education shall waive those state special education rules the district includes in its approved plan to implement the integrated service model if the district complies with the requirements in subdivision 2. In developing and implementing the integrated service model, the district must adhere to the intent of each rule for which it seeks a waiver and the procedural and substantive protections afforded eligible and low-performing students under law. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.*

Subd. 2. [PROJECT REQUIREMENTS.] *(a) To participate in the pilot project, the district must:*

(1) notify the commissioner of education, the state board of education, and the advisory council under paragraph (c) by June 15, 1993, of its intent to develop and implement an integrated service model for delivering special education services and programs to eligible and low-performing students that complies with all applicable federal rules and the outcomes of all state rules governing the delivery of special education;

(2) complete by November 30, 1993, with assistance from the commissioner as described in paragraph (b) and the advisory council in paragraph (c), a proposed plan for realizing an integrated service model, which includes a description of each applicable federal and state rule and the approach the district will use to effect that rule;

(3) include in the proposed plan measures to protect students' civil rights, provide equal educational opportunities, and prohibit discrimination as required under state and federal law;

(4) receive approval from the advisory council in paragraph (c) and the local school board for the proposed plan by December 31, 1993, and file a copy of the approved plan with the commissioner;

(5) begin in-service training of district personnel on February 1, 1994, to ensure that the district complies with all applicable federal regulations governing the delivery of special education; and

(6) implement the integrated service model beginning July 1, 1994.

(b) If the St. Paul school district indicates its intent to develop an integrated service model under paragraph (a), clause (1), the commissioner shall assist the district beginning August 1, 1993, in developing its plan to realize the integrated service model by:

(1) providing technical assistance through the state department of education; and

(2) using discretionary funds under Public Law Number 101-476 to contract for technical assistance as needed.

(c) The district must establish an advisory council for the pilot project that reflects the demographic composition of the district and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in the district, one local representative of advocacy agencies, and district personnel affected by this section. Parents shall compose the majority of council members. The district must continuously consult with the advisory council on planning, delivering, and modifying the district's special education programs and services.

(d) The district shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include any rule waived under subdivision 1.

Subd. 3. [EVALUATION.] *Upon implementing the integrated service model, the district, with technical assistance provided or contracted for by the commissioner, must annually evaluate the programmatic outcomes and financial efficiency of the model over at least a four-year period. The district must address in its evaluation the seven points listed in Minnesota Statutes, section 120.173, subdivision 3, and document parents' responses to the model. The district must submit to the education committees of the legislature a progress report by February 1, 1997, and a final report by February 1, 1999, on the efficacy of the model.*

Sec. 34. [FISCAL REPORTS; AUTHORIZATION REQUIRED.]

(a) The commissioner of education shall contract with an independent consultant outside of state or local government for a study of the short- and long-term fiscal impact to state and local governments of providing a comprehensive and coordinated system of services to infants and young children with disabilities, from birth to age two, and their families under United States Code, title 20, sections 1471 through 1485. The commissioner shall submit a report on the results of the study to the education committees of the legislature by January 15, 1994. At a minimum, the study shall include an estimate of the number of infants and young children from birth to age two eligible for services through the year 2000; the estimated average cost for

services per eligible child and the child's family; the anticipated total additional annual cost to state and local governments through the year 2000 of fully implementing year 5 services; the anticipated amount of additional federal early intervention funds available to the state under United States Code, title 20, section 1471 et. seq., and United States Code, title 20, section 631 et seq.; what definition of eligibility the education department proposes to adopt; what the major components affecting the costs of participation will be; the estimated costs of intake, evaluation, assessment, monitoring, and program planning through the year 2000 for a fully implemented year 5 program; the estimated costs of child find, public awareness, complaints and due process procedures, data management information systems, state level supervision and monitoring, interagency collaboration, local planning and coordination, technical assistance, personnel standards and development, and surrogate parent programs for a fully implemented year 5 program; and an inventory of current expenditures by county boards, school boards, and other local services providers for services provided under Minnesota Statutes, section 120.17, subdivision 11b, including social work, nursing, nutrition, vision, and transportation services, assistive technology, parent-to-parent support, and respite care. The cost of the contract shall not exceed $75,000 and shall be paid for from revenue received from federal grants for regular special education central administration and state initiated discretionary projects.

(b) The state department of education may not apply to the secretary of education under United States Code, title 20, section 1471, et seq. (Part H, Public Law Number 102-119) to participate in the fifth or any succeeding fiscal year of the federal Part H program contained in the Individuals with Disabilities Education Act until specifically authorized by law to do so or until after April 1, 1994, whichever comes first.

Sec. 35. [TASK FORCE ON EDUCATION FOR CHILDREN WITH DISABILITIES.]

Subdivision 1. [ESTABLISHMENT.] *A task force to review the state's special education rules is established to recommend to the legislature changes that can be made to simplify the rules while ensuring that the rules meet applicable federal requirements and support the state's interest in education outcomes.*

Subd. 2. [MEMBERSHIP.] *The task force on education for children with disabilities consists of 15 members appointed by the commissioner of education. The membership shall include parents of children with disabilities, students with disabilities, special education teachers and general education teachers, school administrators, special education directors, representatives of higher education, representatives of advocacy organizations for children with disabilities, and no more than one representative of state government. At least five members shall be parents of children with disabilities or representatives of advocacy groups. One member shall be a student with a disability.*

Subd. 3. [DUTIES.] *The task force established under subdivisions 1 and 2 shall review the educational needs of children with disabilities and the current system of services, including the state and federal regulatory scheme and associated costs, and recommend ways to remove barriers to effective education and improve measurable learner outcomes. The task force shall make recommendations to:*

(1) reduce paperwork and other administrative burdens on classroom teachers to increase the amount of time they spend educating students;

(2) improve access to effective education for children with disabilities by increased coordination of special and general education services, including staff development programs;

(3) assure that education for children with disabilities is outcome-based while maintaining due process protections for students and their families;

(4) eliminate duplication in the regulatory scheme; and

(5) state the outcomes of the state's special education rules.

Subd. 4. [STAFF SUPPORT.] *The department of education and any other state agency shall provide information and other assistance requested by the task force.*

Subd. 5. [ADMINISTRATIVE RULES.] *To accommodate the task force's review of the state's special education rules, and notwithstanding Minnesota Statutes, section 121.11, subdivision 12, or any other law to the contrary, the state board of education shall not adopt, amend, or repeal a special education rule until June 1, 1994, unless compelled by a newly enacted or adopted federal requirement.*

Subd. 6. [REPORT.] *The task force shall submit its recommendations for simplifying the state's special education rules to the education committees of the legislature by February 1, 1994.*

Sec. 36. [ALTERNATIVE DELIVERY OF SPECIAL EDUCATION SERVICES AND PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE; GOAL.] *A three-year pilot project is established to permit 11 school districts and one rural special education cooperative selected by the commissioner of education to use an alternative process for delivering certain special education services and programs to eligible students under Minnesota Statutes, section 120.17. The purpose of the project is to explore, in a deliberate way, effective alternatives to the special education rules listed in subdivision 3 while adhering to the intent of the rules and the procedural and substantive protections afforded eligible students under law. The ultimate goal of the project is to improve the instructional services and educational outcomes and opportunities available to eligible students and the cost effectiveness of the services and programs. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.*

Subd. 2. [ELIGIBILITY; APPLICATIONS.] *(a) The commissioner shall make application forms available to school districts interested in exploring effective alternatives for delivering certain special education services and programs as described in this section. Interested school districts must have their application to participate in the project approved by their local school board after a public hearing on the matter. Applications must be submitted to the commissioner by January 1, 1995. The application must describe how the applicant proposes to realize the purpose and goal of the project, including what activities and procedures the applicant proposes and whether the applicant seeks to be exempted from Minnesota Rules, part 3525.1341. The commissioner may require additional information of an applicant. The commissioner shall approve 12 applications before March 1, 1995. The*

commissioner shall ensure an equitable geographical distribution of project participants throughout the state.

(b) The commissioner shall make available to school districts interested in applying to participate in the project discretionary funds under Public Law Number 101-476 to allow the districts to cover the costs of convening their advisory council members under subdivision 6 to assist in developing an application under this subdivision.

Subd. 3. [EXEMPTIONS.] *(a) All school districts participating in the project are exempt from the following special education rules through the 1997-1998 school year:*

(1) Minnesota Rules, part 3525.1335;

(2) Minnesota Rules, part 3525.2335;

(3) Minnesota Rules, part 3525.2750; and

(4) Minnesota Rules, part 3525.2925, subparts 2, item B, 4, 5, 6, 7, and 9.

(b) After reviewing the applications of the district selected to participate in the project, the commissioner shall exempt six of the 12 project participants from Minnesota Rules, part 3525.1341.

(c) During the term of the project, participating school districts exempt from the rules listed in this subdivision must adhere to the intent of the rules and the procedural and substantive safeguards afforded eligible students under the law.

(d) School districts participating in the pilot projects shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include the rules listed in subdivision 3.

Subd. 4. [STUDENTS' RIGHTS.] *School districts participating in the project must individually evaluate eligible students enrolled in the district to determine the students' levels of performance. Eligible students are entitled to the procedural protections provided under Public Law Number 101-476 in any matter that affects the students' identification, evaluation, placement, or change in placement, and protections provided under Minnesota Statutes, sections 127.26 to 127.39, in a dismissal proceeding that may result in students' suspension, exclusion, or expulsion. Participating school districts must ensure the protection of students' 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 the project.*

Subd. 5. [TECHNICAL ASSISTANCE.] *The commissioner, through the office of compliance and monitoring, shall provide technical assistance to the project participants. In addition, the commissioner shall use discretionary funds available under Public Law Number 101-476 to contract for technical assistance from an independent evaluator in the field of special education to assist project participants in developing and implementing a valid and uniform procedure to evaluate their alternative delivery process.*

Subd. 6. [ADVISORY COMMITTEE.] *Each project participant shall have an advisory council that reflects the demographic composition of the local*

community and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in a participating district, one local representative of advocacy organizations, and district personnel in the field of special education who are potentially affected by the rule exemptions under subdivision 3. Participants that are exempt, or school districts seeking to be exempt under subdivision 2, paragraph (b), from Minnesota Rules, part 3525.1314, must include on the council either a parent of a student with a specific learning disability or a local representative of an organization that advocates on behalf of students with specific learning disabilities. Parents shall compose a majority of council members. The council shall advise the district on planning, delivering, and modifying special education programs and services under this section. The council must approve the district's application to participate in the project before it is submitted to the local school board for approval under subdivision 2. If a project participant is unable to have members of existing special education-related committees on the council, it shall include on the council additional parents of eligible students.

Subd. 7. [EVALUATION; REPORT.] *(a) The commissioner shall use the discretionary funds available under Public Law Number 101-476 to contract with an independent evaluator for technical assistance to develop a uniform evaluation procedure for all participants to use to complete a formative and summative evaluation of their experiences in delivering special education services and programs under this section. Participants shall work with the independent evaluator to focus the evaluation on the overall efficacy of the alternative delivery process, including the extent to which the educational outcomes and opportunities of eligible students are improved. The evaluation must include a mechanism for documenting parents' responses to the project. Project participants shall each select one member of their advisory council to meet together periodically with the independent evaluator to evaluate the participants' progress. Project participants, in consultation with their advisory council, shall use the interim evaluations and the responses of affected parents to the alternative delivery process to modify the process where appropriate.*

(b) Each project participant shall submit to the commissioner a progress report by September 1, 1996, and a final report by January 1, 1998, evaluating the cost effectiveness of the services and programs of its alternative delivery process. The commissioner shall compile the results of the reports to present to the education committees of the legislature by March 1, 1998. When presenting the reports, the commissioner, after consulting with the independent evaluator, shall recommend appropriate amendments to the rules listed in subdivision 3.

Sec. 37. [REALLOCATION.]

Any funds saved through the flexibility in special education service delivery authorized by this article must be reallocated by the district for the benefit of students with special education needs in the district.

Sec. 38. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.*

Subd. 2. [SPECIAL EDUCATION AID.] *For special education aid according to Minnesota Statutes, section 124.32:*

$176,257,000 1994

$186,649,000 1995

The 1994 appropriation includes $25,087,000 for 1993 and $151,170,000 for 1994.

The 1995 appropriation includes $26,677,000 for 1994 and $159,972,000 for 1995.

Subd. 3. [SPECIAL PUPIL AID.] *For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:*

$318,000 1994

$337,000 1995

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. [SUMMER SPECIAL EDUCATION AID.] *For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:*

$4,472,000 1994

$4,530,000 1995

The 1994 appropriation is for 1993 summer programs.

The 1995 appropriation is for 1994 summer programs.

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] *For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:*

$124,000 1994

$159,000 1995

The 1994 appropriation includes $10,000 for 1993 and $114,000 for 1994.

The 1995 appropriation includes $19,000 for 1994 and $140,000 for 1995.

Subd. 6. [RESIDENTIAL FACILITIES AID.] *For residential facilities aid under Minnesota Statutes, section 124.32, subdivision 5:*

$2,616,000 1994

$.. -0- 1995

Subd. 7. [SPECIAL EDUCATION EXCESS COST AID.] *For excess cost aid according to Minnesota Statutes, section 124.322:*

$.. -0- 1994

$5,555,000 1995

The 1995 appropriation includes $..-0-.. for 1994 and $5,555,000 for 1995.

Subd. 8. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] *For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:*

$5,529,000 1994

$6,228,000 1995

The 1994 appropriation includes $600,000 for 1993 and $4,929,000 for 1994.

The 1995 appropriation includes $870,000 for 1994 and $5,358,000 for 1995.

$106,000 in fiscal year 1994 and $124,000 in fiscal year 1995 are for supplies and equipment for limited English proficiency instruction according to section 12.

Subd. 9. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] *For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:*

$857,000 1994

$857,000 1995

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] *For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:*

$591,000 1994

$591,000 1995

The 1994 appropriation includes $88,000 for 1993 and $503,000 for 1994.

The 1995 appropriation includes $88,000 for 1994 and $503,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.] *For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:*

$4,015,000 1994

$3,933,000 1995

The 1994 appropriation includes $684,000 for 1993 and $3,331,000 for 1994.

The 1995 appropriation includes $588,000 for 1994 and $3,345,000 for 1995.

Subd. 12. [ASSURANCE OF MASTERY.] *For assurance of mastery aid according to Minnesota Statutes, section 124.311:*

$12,949,000 1994

$13,163,000 1995

The 1994 appropriation includes $1,904,000 for 1993 and $11,045,000 for 1994.

The 1995 appropriation includes $1,948,000 for 1994 and $11,215,000 for 1995.

Subd. 13. [INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.] *For individualized learning and development aid according to Minnesota Statutes, section 124.331:*

$2,485,000 1994

The 1994 appropriation includes $2,485,000 for 1993.

Subd. 14. [SPECIAL PROGRAMS EQUALIZATION AID.] *For special education levy equalization aid according to Minnesota Statutes, section 124.321:*

$14,210,000 1994

$16,867,000 1995

The 1994 appropriation includes $1,626,000 for 1993 and $12,584,000 for 1994.

The 1995 appropriation includes $2,221,000 for 1994 and $14,646,000 for 1995.

Subd. 15. [AMERICAN INDIAN SCHOLARSHIPS.] *For American Indian scholarships according to Minnesota Statutes, section 124.48:*

$1,600,000 1994

$1,600,000 1995

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Subd. 16. [AMERICAN INDIAN EDUCATION.] *(a) For certain American Indian education programs in school districts:*

$175,000 1994

$175,000 1995

The 1994 appropriation includes $26,000 for 1993 and $149,000 for 1994.

The 1994 appropriation includes $26,000 for 1994 and $149,000 for 1995.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of education.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: $54,800 to Pine Point School; $9,700 to independent school district No. 166; $14,900 to independent school

district No. 432; $14,100 to independent school district No. 435; $42,200 to independent school district No. 707; and $39,100 to independent school district No. 38. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917.

Subd. 17. [INDIAN TEACHER PREPARATION GRANTS.] *(a) For joint grants to assist Indian people to become teachers:*

$190,000 1994

$190,000 1995

(b) Initially, $70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

(c) Initially, $40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college and the Minneapolis school district.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any unexpended balance remaining the first year does not cancel but is available in the second year.

Subd. 18. [TRIBAL CONTRACT SCHOOLS.] *For tribal contract school aid according to Minnesota Statutes, section 124.86:*

$374,000 1994

$457,000 1995

The 1994 appropriation includes $..-0-.. for 1993 and $374,000 for 1994.

The 1995 appropriation includes $66,000 for 1994 and $391,000 for 1995.

If the 1994 appropriation is not sufficient, the amount must be allocated to eligible schools in the same proportion as the 1993 appropriation.

Subd. 19. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] *For early childhood family education programs at tribal contract schools:*

$68,000 1994

$68,000 1995

Subd. 20. [SECONDARY VOCATIONAL EDUCATION AID.] *For secondary vocational education aid according to Minnesota Statutes, section 124.573:*

$12,079,000 1994

$13,244,000 1995

The 1994 appropriation includes $1,811,000 for 1993 and $10,268,003 for 1994.

The 1995 appropriation includes $1,811,000 for 1994 and $11,433,000 for 1995.

Subd. 21. [ADVISORY COUNCIL COSTS.] *For the costs to project participants of convening their advisory council members during the term of the pilot project under section 15:*

$15,000 1994

Subd. 22. [TEACHER EDUCATION; HEARING IMPAIRED.] *To assist school districts in greater Minnesota in educating teachers in American sign language, American sign language linguistics, and deaf culture as required under section 11, clause (c):*

$25,000 1994

This appropriation is available until June 30, 1995.

Subd. 23. [PROFICIENCY EVALUATION.] *To evaluate teachers' baseline level of proficiency in American sign language under section 11, clause (b):*

$24,000 1994

The appropriation is available until June 30, 1995.

Sec. 39. [LCC FOR SPECIAL EDUCATION RULES REVIEW TASK FORCE.]

$15,000 is appropriated from the general fund to the legislative coordinating commission for the purposes of the section establishing a task force to review the state's special education rules. This appropriation expires February 15, 1994.

Sec. 40. [REPEALER.]

Minnesota Statutes 1992, section 124.32, subdivision 5, is repealed effective July 1, 1994. Minnesota Statutes 1992, sections 124.331; 124.332; 124.333; and 124.573, subdivisions 2c and 2d, are repealed effective July 1, 1993.

Sec. 41. [EFFECTIVE DATE.]

Sections 10 and 29 are effective beginning with the 1992-1993 school year.

Section 33 is effective the day after final enactment and applies through the 1998-1999 school year if the St. Paul school district complies with the requirements in section 33, subdivision 2.

Section 36 is effective the day following final enactment and applies to participating school districts through the 1996-1997 school year.

Section 32, clause (b), is effective June 30, 1994, and section 32, clauses (c) and (d), are effective June 30, 1995.

Section 35 is effective the day after final enactment and shall remain in

effect until February 15, 1994, except that subdivision 5 shall remain in effect until June 1, 1994.

ARTICLE 4

COMMUNITY PROGRAMS

Section 1. Minnesota Statutes 1992, section 3.873, subdivision 4, is amended to read:

Subd. 4. [STAFF.] *The legislative coordinating commission shall supply the commission with the necessary staff, office space, and administrative services.* The commission may use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.

Sec. 2. Minnesota Statutes 1992, section 3.873, subdivision 5, is amended to read:

Subd. 5. [INFORMATION COLLECTION; INTERGOVERNMENTAL COORDINATION.] (a) The commission may conduct public hearings and otherwise collect data and information necessary to its purposes.

(b) The commission may request information or assistance from any state agency or officer to assist the commission in performing its duties. The agency or officer shall promptly furnish any information or assistance requested.

(c) *The secretary of the senate and the chief clerk of the house shall provide the commission with a copy of each bill introduced in the legislature concerning children, youth, and their families.*

(d) Before implementing new or substantially revised programs relating to the subjects being studied by the commission under subdivision 7, the commissioner responsible for the program shall prepare an implementation plan for the program and shall submit the plan to the commission for review and comment. The commission may advise and make recommendations to the commissioner on the implementation of the program and may request the changes or additions in the plan it deems appropriate.

~~(d)~~ *(e)* By July 1, 1991, the responsible state agency commissioners, including the commissioners of education, health, human services, jobs and training, and corrections, shall prepare data for presentation to the commission on the state programs to be examined by the commission under subdivision 7, paragraph (a).

~~(e)~~ *(f)* To facilitate coordination between executive and legislative authorities, ~~the governor shall appoint a person to act as liaison between the~~ commission ~~and the governor~~ *shall meet with the children's cabinet.*

Sec. 3. Minnesota Statutes 1992, section 3.873, subdivision 6, is amended to read:

Subd. 6. [LEGISLATIVE REPORTS AND RECOMMENDATIONS.] The commission shall make recommendations to the legislature to implement combining education, and health and human services and related support services provided to children and their families by the departments of education, human services, health and other state agencies into a single state department of children and families to provide more effective and efficient services. The commission also shall make recommendations to the legislature

or committees, as it deems appropriate to assist the legislature in formulating legislation. To facilitate coordination between executive and legislative authorities, the commission shall review and evaluate the plans and proposals of the governor and state agencies on matters within the commission's jurisdiction and shall provide the legislature with its analysis and recommendations. ~~Any analysis and recommendations must integrate recommendations for the design of an education service delivery system under Laws 1991, chapter 265, article 6, section 64.~~ The commission shall report its final recommendations under this subdivision and subdivision 7, paragraph (a), by January 1, ~~1993~~ *1994*. The commission shall submit ~~a~~ *an annual* progress report by January 1, ~~1992~~ *of each year*.

Sec. 4. Minnesota Statutes 1992, section 3.873, subdivision 7, is amended to read:

Subd. 7. [PRIORITIES.] The commission shall give priority to studying and reporting to the legislature on the matters described in this subdivision. *To the extent possible, the commission shall consult with knowledgeable individuals in communities throughout the state when developing recommendations or preparing reports on these matters.*

(a) The commission must study and report on methods of improving legislative consideration of children and family issues and coordinating state agency programs relating to children and families, including the desirability, feasibility, and effects of creating a new state department of children's services, or children and family services, in which would be consolidated the responsibility for administering state programs relating to children and families.

(b) The commission must study and report on methods of consolidating or coordinating local health, correctional, educational, job, and human services, to improve the efficiency and effectiveness of services to children and families and to eliminate duplicative and overlapping services. The commission shall evaluate and make recommendations on programs and projects in this and other states that encourage or require local jurisdictions to consolidate the delivery of services in schools or other community centers to reduce the cost and improve the coverage and accessibility of services. *The commission must study and recommend specific effectiveness measures to accurately determine the efficacy of programs and services provided to children and their families. The commission must consider and recommend how to transform fragmented, crisis-oriented delivery systems focused on remediation services into flexible, comprehensive, well-coordinated, and family-oriented delivery systems focused on prevention services. The commission must review and evaluate what impact the classification of data has on service providers' ability to anticipate and meet the full range of families' needs. The commission must report on any laws, rules, or procedures that interfere with the effective delivery of community-based services to children and families.*

(c) The commission must study and report on methods of improving and coordinating educational, social, and health care services that assist children and families during the early childhood years. The commission's study must include an evaluation of the following: early childhood health and development screening services, headstart, child care, ~~and~~ early childhood family education, *and parents' involvement in programs meeting the social, cognitive, physical, and emotional needs of children.*

(d) The commission must study and report on methods of improving and coordinating the practices of judicial, correctional, and social service agencies in placing juvenile offenders and children who are in need of protective services or treatment.

(e) The commission must study and recommend constructive changes in preventive, community-based programs that encourage children and youth to responsibly serve their community.

(f) The legislative commission on children, youth, and their families and the children's cabinet must study and make joint recommendations regarding a state-level governance structure to deliver funding and coordinate policy for children and their families. These recommendations may include structural changes to minimize barriers to and actively promote collaborating and integrating services for children and families in the community. The commission and cabinet must jointly evaluate the need for a new cabinet-level agency for children. The commission and cabinet shall report their findings and recommendations to the legislature by January 15, 1994.

Sec. 5. Minnesota Statutes 1992, section 3.873, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] The commission expires on June 30, ~~1994~~ *1995*.

Sec. 6. [4.045] [CHILDREN'S CABINET.]

The children's cabinet shall consist of the commissioners of education, human services, jobs and training, public safety, corrections, finance, health, administration, housing finance agency, transportation, and the director of the office of strategic and long-range planning. The governor shall designate one member to serve as cabinet chair. The chair is responsible for ensuring that the duties of the children's cabinet are performed.

Sec. 7. Minnesota Statutes 1992, section 120.06, subdivision 3, is amended to read:

Subd. 3. [PUPILS, AT LEAST 21 YEARS OF AGE.] In addition to those admitted under subdivision 1, admission to a public secondary school is free to a person who is eligible under this subdivision. In order to be eligible, a person must be:

(1) at least 21 years of age;

(2) a resident of the district where the secondary school is located; and

(3) eligible under section 126.22, subdivision 2.

Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less. *A district that admits a person to school under this section must have a reasonable expectation that the person can obtain a diploma within two years.*

Sec. 8. Minnesota Statutes 1992, section 121.831, is amended to read:

121.831 [LEARNING READINESS PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; *PURPOSE*.] A district or a group of districts may establish a learning readiness program for eligible children. *The purpose of a learning readiness program is to provide all eligible children adequate opportunities to participate in child development programs that*

enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish.

Subd. 2. [CHILD ELIGIBILITY.] *(a)* A child is eligible to participate in a learning readiness program *offered by the resident district or another district* if the child is:

(1) at least ~~four~~ *three and one-half* years old but has not entered kindergarten; and

(2) ~~has participated or will participate in an early childhood~~ *receives developmental* screening ~~program according to~~ *under* section 123.702~~.~~

~~A child may participate in a program provided by the district in which the child resides or by any other district~~ *within 90 days of enrolling in the program or the child's fourth birthday.*

(b) A child younger than three and one-half years old may participate in a learning readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than three and one-half years old.

Subd. 3. [PROGRAM ELIGIBILITY.] A learning readiness program shall include the following:

(1) a comprehensive plan to ~~coordinate~~ *anticipate and meet the needs of participating families by coordinating existing* social services ~~to provide for the needs of participating families~~ *programs* and ~~for~~ *by fostering* collaboration ~~with~~ *among* agencies or other community-based organizations ~~providing~~ *and programs that provide a full range of flexible, family-focused* services to families with young children;

(2) a development and learning component to help ~~a child~~ *children* develop ~~socially, intellectually, physically~~ *appropriate social, cognitive, and physical skills*, and ~~emotionally in a manner appropriate to the child~~ *emotional well-being*;

(3) health referral services to address ~~the~~ *children's* medical, dental, mental health, and nutritional needs ~~of the children~~;

(4) a nutrition component to meet ~~the~~ *children's daily* nutritional needs ~~of the children; and~~

(5) *parents'* involvement ~~of parents~~ in ~~the educational~~ *meeting children's educational*, health, social service, and other needs ~~of the children~~*;*

(6) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community; and

(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program.

Subd. 4. [PROGRAM CHARACTERISTICS.] Learning readiness programs ~~may include the following~~ *are encouraged to*:

(1) *prepare* an individualized service plan to meet ~~the individual needs of~~ each ~~child~~ *child's developmental and learning needs*;

(2) ~~participation by families who are representative of the racial, cultural, and economic diversity of the community;~~

~~(3)~~ *provide* parent education to increase parents' knowledge, understanding, skills, and experience in child development and learning;

~~(4)~~ *(3) foster* substantial parent involvement~~,~~ that may include ~~developing~~ *having parents develop* curriculum or ~~serving~~ *serve* as a paid or volunteer educator, resource person, or other staff;

~~(5)~~ *(4)* ~~identification of~~ *identify* the needs of families ~~with respect to~~ *in the content of* the child's learning readiness;

~~(6)~~ *(5)* ~~a plan to~~ expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to ~~promote the development of~~ *develop* a coordinated system of *flexible, family-focused* services available to *anticipate and meet the full range of needs of* all *eligible children and their* families ~~with eligible children~~;

~~(7)~~ *(6)* ~~coordination of~~ *coordinate* treatment and follow-up services for ~~all~~ *children's* identified physical and mental health problems;

~~(8) staff and program resources, including interpreters, that reflect the racial and ethnic population of the children in the program;~~

~~(9)~~ *(7) offer* transportation for eligible children and their ~~parents~~ *families* for whom other forms of transportation are ~~not available~~ *unavailable* or would constitute an excessive financial burden; ~~and~~

~~(10)~~ *(8) make* substantial outreach efforts to assure *significant* participation by families with *the* greatest needs~~.~~, *including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law Number 97-35);*

(9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;

(10) create community-based family resource centers and interdisciplinary teams; and

(11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.

Subd. 5. [PURCHASE OR CONTRACT FOR SERVICES.] ~~Whenever possible,~~ A district ~~may~~ *is encouraged to* contract with a public ~~organization~~ or nonprofit organization ~~providing~~ *to provide eligible children* developmentally appropriate services ~~meeting one or more of~~ *that meet* the program requirements in subdivision 3~~,~~ ~~clauses (1) to (4)~~. *In the alternative,* a district may ~~also~~ pay tuition or fees to place an eligible child in an existing program ~~or~~. *A district may* establish a new program *where no existing, reasonably accessible program meets the program requirements in subdivision 3.* Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not ~~limit~~ *restrict* participation to *district* residents ~~of the district~~.

Subd. 6. [COORDINATION WITH OTHER PROVIDERS.] *(a)* The district shall ~~optimize coordination of~~ *coordinate* the learning readiness program with existing ~~service~~ *community-based social services* providers ~~located in the community~~ *and foster collaboration among agencies and other community-based organizations and programs that provide flexible, family-*

focused services to families with children. The district shall actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

(b) To the extent possible, resources shall follow the children ~~based on the services needed,~~ so that children ~~have~~ *receive appropriate services in* a stable environment and are not moved from *one* program *location* to ~~program~~ *another. Where geographically feasible, the district shall actively promote colocating of services for children and their families.*

Subd. 7. [ADVISORY COUNCIL.] Each learning readiness program shall have an advisory council ~~which~~ *composed of members of existing early education-related boards, parents of participating children, child care providers, culturally specific service organizations, local resource and referral agencies, and representatives of early childhood service providers. The council* shall advise the school board in creating and administering the program and shall monitor the progress of the program. The council shall ensure that children at greatest risk receive appropriate services. *If* the school board *is unable to appoint to the advisory council members of existing early education-related boards, it* shall:

~~(1)~~ appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council; ~~or~~

~~(2) appoint a joint council made up of members of existing boards, parents of participating children, and representatives of early childhood service providers~~.

Subd. 8. [PRIORITY CHILDREN.] The district shall give ~~high~~ *greatest* priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness.

Subd. 9. [CHILD RECORDS.] A record of a child's progress and development shall be maintained in the child's cumulative record while enrolled in the learning readiness program. The cumulative record shall be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. *The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.*

Subd. 10. [SUPERVISION.] A program provided by a school board shall be supervised by a licensed early childhood teacher, ~~or~~ a certified early childhood educator, *or a licensed parent educator*. A program provided according to a contract between a school district and a nonprofit organization or another private organization shall be supervised *and staffed* according to the terms of the contract.

Subd. 11. [DISTRICT STANDARDS.] The school board of the district shall develop standards for the learning readiness program *that reflect the eligibility criteria in subdivision 3. The board shall consider including in the standards the program characteristics in subdivision 4.*

Subd. 12. [PROGRAM FEES.] A district may adopt a sliding fee schedule based on a family's income but shall waive a fee for a participant unable to pay. The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.

Subd. 13. [ADDITIONAL REVENUE.] A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

Sec. 9. [121.835] [WAY TO GROW/SCHOOL READINESS PROGRAM.]

Subdivision 1. [ADMINISTRATION.] *The commissioner of education shall administer the way to grow/school readiness program, in collaboration with the commissioners of health and human services, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age six by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.*

Subd. 2. [PROGRAM COMPONENTS.] *(a) A way to grow/school readiness program must:*

(1) collaborate and coordinate delivery of services with other community organizations and agencies serving children prebirth to age six and their families;

(2) target services to families with children prebirth to age six with services increasing based on need;

(3) build on existing services and coordinate a continuum of prebirth to age six essential services, including but not limited to prenatal health services, parent education and support, and preschool programs;

(4) provide strategic outreach efforts to families using trained paraprofessionals such as home visitors; and

(5) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children.

(b) A way to grow/school readiness program may include:

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood-based or community-based parent-child and family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

(4) staff training, technical assistance, and incentives for collaboration

designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

(7) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

(8) support of health, educational, and other developmental services needed by families with preschool children;

(9) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

(10) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

(11) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. [ELIGIBLE GRANTEES.] *An application for a grant may be submitted by any of the following entities:*

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. [DISTRIBUTION.] *The commissioner of education shall give priority to funding existing programs.*

To the extent possible, the commissioner shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Subd. 5. [APPLICATIONS.] *Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of education. The grant application must include:*

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse;

(vii) rates of health screening and evaluation; and

(viii) school readiness of way to grow participants compared to nonparticipants.

Subd. 6. [MATCH.] *Each dollar of state money must be matched with 50 cents of nonstate money. Programs may match state money with in-kind contributions, including volunteer assistance.*

Subd. 7. [ADVISORY COMMITTEES.] *The commissioner of education shall establish a program advisory committee consisting of persons knowledgeable in child development, child health, and family services, who reflect the geographic, cultural, racial, and ethnic diversity of the state; and representatives of the commissioners of education, human services, and health. This program advisory committee shall review grant applications, assist in distribution of the grants, and monitor progress of the way to grow/school readiness program. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.*

Subd. 8. [REPORT.] *The advisory committee shall report to the education committee of the legislature by January 15, 1993, on the evaluation required*

in subdivision 5, clause (6), and shall make recommendations for establishing successful way to grow programs in unserved areas of the state.

Sec. 10. [121.8355] [FAMILY SERVICES AND COMMUNITY-BASED COLLABORATIVES.]

Subdivision 1. [ESTABLISHMENT.] *(a) In order to qualify as a family services collaborative, a minimum of one school district, one county, and one public health entity must agree in writing to provide coordinated family services and commit resources to an integrated fund. Collaboratives are expected to have broad community representation, which may include other local providers, including additional school districts, counties, and public health entities, other municipalities, existing culturally specific community organizations, local health organizations, private and nonprofit service providers, child care providers, local foundations, community-based service groups, businesses, local transit authorities or other transportation providers, community action agencies under section 268.53, senior citizen volunteer organizations, and sectarian organizations that provide nonsectarian services.*

(b) Community-based collaboratives composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and existing culturally specific community organizations may plan and develop services for children and youth. A community-based collaborative must agree to collaborate with county, school district, and public health entities. Their services may include opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self esteem, and develop general employment skills.

Subd. 1a. [DEFINITION.] *For purposes of this section, "collaborative" means either a family services collaborative described under subdivision 1, paragraph (a) or community-based collaboratives described under subdivision 1, paragraph (b).*

Subd. 2. [DUTIES.] *(a) Each collaborative shall:*

(1) establish, with assistance from families and service providers, clear goals for addressing the health, developmental, educational, and family-related needs of children and youth and use outcome-based indicators to measure progress toward achieving those goals;

(2) establish a comprehensive planning process that involves all sectors of the community, identifies local needs, and surveys existing local programs;

(3) integrate service funding sources so that children and their families obtain services from providers best able to anticipate and meet their needs;

(4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;

(5) focus primarily on family-centered services;

(6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;

(7) provide services in locations that are readily accessible to children and families;

(8) use new or reallocated funds to improve or enhance services provided to children and their families;

(9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and

(10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client centered. The delivery system shall provide a continuum of services for children birth to age 18. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

(b) The outcome-based indicators developed in paragraph (a), clause (1) may include the number of low birthweight babies, the infant mortality rate, the number of children who are adequately immunized and healthy, require out-of-home placement or long-term special education services, and the number of minor parents.

Subd. 3. [INTEGRATED LOCAL SERVICE DELIVERY SYSTEM.] *A collaborative shall design an integrated local service delivery system that coordinates funding streams and the delivery of services between existing agencies. The integrated local service delivery system may:*

(1) improve outreach and early identification of children and families in need of services and intervene across service systems on behalf of families;

(2) offer an inclusive service system that supports all families within a community;

(3) coordinate services that eliminate the need to match funding streams, provider eligibilities, or clients with multiple providers;

(4) improve access to services by coordinating transportation services;

(5) provide initial outreach to all new mothers and periodic family visits to children who are potentially at risk;

(6) coordinate assessment across systems to determine which children and families need coordinated multiagency services and supplemental services;

(7) include multiagency service plans and coordinate unitary case management; and

(8) integrate funding of services.

Subd. 4. [INTEGRATED FUND.] *(a) A collaborative must establish an integrated fund to help provide an integrated service system and fund additional supplemental services. The integrated fund may consist of federal, state, local, or private resources. The collaborative agreement must specify a minimum financial commitment by the contributors to an integrated fund. Contributors may not reduce their financial commitment except as specified in the agreement or by federal declaration.*

(b) A collaborative must seek to maximize federal and private funds by designating local expenditures for services that can be matched with federal or private grant funds and by designing services to meet the requirements for state or federal reimbursement.

(c) Collaboratives may seek to maximize federal reimbursement of funds under section 256F.10.

Subd. 5. [LOCAL PLANS.] *The collaborative plan shall describe how the collaborative will carry out the duties and implement the integrated local services delivery system required under this section. The plan shall include a list of the collaborative participants, a copy of the agreement required under subdivision 1, the amount and source of resources each participant will contribute to the integrated fund, and methods for increasing local participation in the collaborative, involving parents and other community members in implementating and operating the collaborative, and providing effective outreach services to all families with young children in the community. The plan shall also include specific goals that the collaborative intends to achieve and methods for objectively measuring progress toward meeting the goals.*

Subd. 6. [PLAN APPROVAL BY THE CHILDREN'S CABINET.] *(a) The children's cabinet shall approve local plans for collaboratives. In approving local plans, the children's cabinet shall give highest priority to a plan that provides:*

(1) early intervention and family outreach services;

(2) family visitation services;

(3) a continuum of services for children from birth to age 18;

(4) family preservation services;

(5) culturally sensitive approaches for delivering services and utilizing culturally specific organizations;

(6) clearly defined outcomes and valid methods of assessment;

(7) effective service coordination;

(8) participation by the maximum number of jurisdictions and local, county, and state funding sources;

(9) integrated community service providers and local resources;

(10) integrated transportation services;

(11) integrated housing services; and

(12) coordinated services that include a children's mental health collaborative authorized by law.

(b) The children's cabinet shall ensure that the collaboratives established under this section do not conflict with any state or federal policy or program and do not negatively impact the state budget.

Subd. 7. [RECEIPT OF FUNDS.] *The office of strategic and long-range planning may receive and administer public and private funds for the purposes of this act.*

Sec. 11. Minnesota Statutes 1992, section 121.882, subdivision 2b, is amended to read:

Subd. 2b. [HOME VISITING PROGRAM.] (a) The commissioner of education shall include as part of the early childhood family education programs a parent education component to prevent child abuse and neglect. This parent education component must include:

(1) expanding statewide the home visiting component of the early childhood family education programs;

(2) training parent educators, child educators, *community outreach workers,* and home visitors in the dynamics of child abuse and neglect and positive parenting and discipline practices; and

(3) developing and ~~distributing~~ *disseminating* education and public information materials that promote positive parenting skills and prevent child abuse and neglect.

(b) The parent education component must:

(1) offer to isolated or at-risk families ~~direct~~ *home* visiting parent education services that at least address parenting skills, a child's development and stages of growth, communication skills, managing stress, problem-solving skills, positive child discipline practices, methods of improving parent-child interactions and enhancing self-esteem, using community support services and other resources, and encouraging parents to have fun with and enjoy their children;

(2) develop a risk assessment tool to determine the family's level of risk;

(3) establish clear objectives and protocols for home visits;

(4) determine the frequency and duration of home visits based on a risk-need assessment of the client, with home visits beginning in the second trimester of pregnancy and continuing, based on client need, until a child is six years old;

(5) encourage families to make a transition from home visits to site-based parenting programs to build a family support network and reduce the effects of isolation;

(6) develop and distribute education materials on preventing child abuse and neglect that may be used in home visiting programs and parent education classes and distributed to the public;

(7) *initially* provide at least 40 hours of training *and thereafter ongoing training* for parent educators, child educators, *community outreach workers,* and home visitors that covers the dynamics of child abuse and neglect, domestic violence and victimization within family systems, signs of abuse or other indications that a child may be at risk of being abused or neglected, what child abuse and neglect are, how to properly report cases of child abuse and neglect, respect for cultural preferences in child rearing, what community resources, social service agencies, and family support activities and programs are available, child development and growth, parenting skills, positive child discipline practices, identifying stress factors and techniques for reducing stress, home visiting techniques, and risk assessment measures;

(8) provide program services that are community-based, accessible, and culturally relevant; and

(9) foster collaboration among existing agencies and community-based organizations that serve young children and their families.

(c) Home visitors should reflect the demographic composition of the community the home visitor is serving to the extent possible.

Sec. 12. Minnesota Statutes 1992, section 123.702, subdivision 1, is amended to read:

Subdivision 1. Every school board shall provide for a mandatory program of early childhood developmental screening for children ~~who are four years old and older but who have not entered kindergarten or first grade in a public school~~ *once before school entrance, targeting children who are between 3-1/2 and 4 years old*. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in a public school. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 13. Minnesota Statutes 1992, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. A child must not be enrolled in kindergarten ~~or first grade~~ in a public school unless the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening not later than 30 days after the first day of attendance. If a child is transferred from one kindergarten to another ~~or from one first grade to another~~, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school.

Sec. 14. Minnesota Statutes 1992, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. (a) A screening program shall include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, ~~review of any special family circumstances that might affect development,~~ identification of ~~additional~~ risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The school district and the person performing or supervising the screening shall provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization

or individual health care provider. The notice shall be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No developmental screening program shall provide laboratory tests or a physical examination to any child. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, *review of family circumstances that might affect development,* blood pressure, laboratory tests, and health history. State aid shall not be paid for additional components.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 15. Minnesota Statutes 1992, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening not later than 30 days after the first day of attending kindergarten ~~or first grade~~ in a public school.

Sec. 16. Minnesota Statutes 1992, section 123.702, subdivision 4, is amended to read:

Subd. 4. A school board may contract with or purchase service from an approved early developmental screening program in the area. Developmental screening must be conducted by *either* an individual who is licensed as, or has ~~the~~ training ~~equal~~ *that is similar* to~~,~~ a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Sec. 17. Minnesota Statutes 1992, section 123.702, subdivision 5, is amended to read:

Subd. 5. Every school board shall integrate and utilize volunteer screening programs in implementing sections 123.702 to ~~123.705~~ *123.7045* wherever possible.

Sec. 18. Minnesota Statutes 1992, section 123.7045, is amended to read:

123.7045 [DEVELOPMENTAL SCREENING AID.]

Each school year, the state shall pay a school district $25 for each child screened according to the requirements of section 123.702. *If this amount of*

aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 19. Minnesota Statutes 1992, section 124.26, subdivision 2, is amended to read:

Subd. 2. Each district or group of districts providing adult basic education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid equal more than ~~90~~ *100* percent of the actual cost of providing these programs.

Sec. 20. Minnesota Statutes 1992, section 124.2601, subdivision 4, is amended to read:

Subd. 4. [LEVY.] A district with an eligible program may levy an amount not to exceed the amount raised by ~~.21~~ *.12* percent times the adjusted tax capacity of the district for the preceding year.

Sec. 21. Minnesota Statutes 1992, section 124.2601, subdivision 6, is amended to read:

Subd. 6. [AID GUARANTEE.] *(a) For fiscal year 1994,* any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

(b) For 1995 and later fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992 under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

Sec. 22. Minnesota Statutes 1992, section 124.2615, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. The aid is equal to:

(1) $200 for fiscal year 1992 and $300 for fiscal year 1993 times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus

(2) $100 for fiscal year 1992 and $300 for fiscal year 1993 times the result of;

(3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times

(4) the number of children in clause (1).

For fiscal year 1994 and thereafter, a district shall receive learning readiness aid equal to:

(1) ~~$500 times the number of all participating eligible children; plus~~ *the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus*

(2) ~~$200 times the number of participating eligible children identified according to section 121.831, subdivision 8~~ *the number of participating eligible children times the ratio of 15 percent of the total learning readiness aid for that year to the total number of participating eligible children for that year; plus*

(3) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 35 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

Sec. 23. Minnesota Statutes 1992, section 124.2615, subdivision 3, is amended to read:

Subd. 3. [USE OF AID.] Learning readiness aid shall be used only to provide a learning readiness program and may be used to provide transportation. Not more than five percent of the aid may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. *Aid may not be used for instruction and services required under section 120.17.* Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Sec. 24. Minnesota Statutes 1992, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] The revenue for early childhood family education programs for a school district ~~is the amount of revenue earned by multiplying $96.50 for fiscal year 1992 or~~ *equals* $101.25 for ~~fiscal year~~ 1993 *and later fiscal years* times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the ~~last~~ *previous* school year.

Sec. 25. Minnesota Statutes 1992, section 124.2711, subdivision 2a, is amended to read:

Subd. 2a. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~.596~~ *.626* percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Sec. 26. Minnesota Statutes 1992, section 124.2711, is amended by adding a subdivision to read:

Subd. 6. [HOME VISITING LEVY.] *A school district that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to $1.60 times the number of people under five years of age residing in the district on September*

1 of the last school year. Levy revenue under this subdivision shall not be included as revenue under subdivision 1. the revenue shall be used for home visiting programs under section 121.882, subdivision 2b.

Sec. 27. Minnesota Statutes 1992, section 124.2713, subdivision 5, is amended to read:

Subd. 5. [YOUTH SERVICE REVENUE.] Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals ~~75~~ *85* cents for fiscal year ~~1992~~ *1994, $1 for fiscal year 1995,* and 85 cents for fiscal year ~~1993~~ *1996* and thereafter, times the greater of 1,335 or the population of the district.

Sec. 28. Minnesota Statutes 1992, 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 tax rate of ~~1.07 percent for fiscal year 1992 and 1.095~~ *1.13* percent for fiscal year ~~1993~~ *1995* and thereafter, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall ~~equal the community education revenue~~ *be determined according to subdivision 6a.*

Sec. 29. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6a. [COMMUNITY EDUCATION LEVY; DISTRICTS OFF THE FORMULA.] *If the amount of the community education levy for a district exceeds the district's community education revenue, the amount of the community education levy is limited to the sum of:*

(1) the district's community education revenue according to subdivision 1; plus

(2) the amount of the aid reduction for the same fiscal year according to subdivision 6b.

For purposes of statutory cross-reference, a levy made according to this subdivision is the levy made according to subdivision 6.

Sec. 30. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6b. [COMMUNITY EDUCATION LEVY EQUITY.] *(a) If a district's community education levy for a fiscal year is determined according to subdivision 6a, an amount must be deducted from state aid authorized in this chapter receivable for the same fiscal year, and from state payments authorized in chapter 273 and receivable for the same fiscal year, the amount of the deduction equals the difference between:*

(1) the district's community education revenue according to subdivision 1; and

(2) the district's maximum community education levy according to subdivision 6.

(b) The amount of the deduction in any fiscal year must not exceed the amount of state payments authorized in chapters 124 and 273 and receivable for the same fiscal year in the district's community service fund.

Sec. 31. Minnesota Statutes 1992, section 124.2714, is amended to read:

124.2714 [ADDITIONAL COMMUNITY EDUCATION REVENUE.]

(a) A district that is eligible under section 124.2713, subdivision 2, may levy an amount up to the amount authorized by Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(b) Beginning with levies for fiscal year 1995, this levy must be reduced each year by the amount of any increase in the levying district's general community education revenue under section 124.2713, subdivision 3, for that fiscal year over the amount received by the district under section 124.2713 for fiscal year 1994.

(c) The proceeds of the levy may be used for the purposes set forth in section 124.2713, subdivision 8.

Sec. 32. Minnesota Statutes 1992, section 124.2716, is amended to read:

124.2716 [EXTENDED DAY ~~LEVY~~ *REVENUE*.]

Subdivision 1. [ELIGIBILITY.] A school district that offers an extended day program according to section 121.88, subdivision 10, ~~may levy~~ *is eligible for extended day revenue* for the additional costs of providing services to children with disabilities *or to children experiencing family or related problems of a temporary nature* who participate in the extended day program.

Subd. 2. [EXTENDED DAY REVENUE.] *The extended day revenue for an eligible school district equals the approved additional cost of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the extended day program.*

Subd. 3. [EXTENDED DAY LEVY.] *To obtain extended day revenue, a school district may levy an amount equal to the district's extended day revenue as defined in subdivision 2 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to $3,700.*

Subd. 4. [EXTENDED DAY AID.] *A district's extended day aid is the difference between its extended day revenue and its extended day levy. If a district does not levy the entire amount permitted, extended day aid must be reduced in proportion to the actual amount levied.*

Sec. 33. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, ~~AND~~ VIOLENCE PREVENTION *, AND* PARENTAL INVOLVEMENT PROGRAMS.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. ~~A district may use up to $1 of the $5 times the number of actual pupil units for promoting parental involvement in the PER process.~~ *Parental involvement programs may include career teacher programs, programs promoting parental involvement in the PER process, coordination of volunteer services, and programs designed to encourage community involvement.*

Sec. 34. Minnesota Statutes 1992, 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)~~ *21, or who is an elementary pupil*, and *in either case,* 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

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program; or

(b) any ~~pupil who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or~~

~~(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or~~

~~(d) any~~ person who is at least 21 years of age and who:

(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;

(2) has not completed the requirements for a high school diploma; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

~~(e) an elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.~~

~~Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to a pupil under age 21 who participates in the high school graduation incentives program.~~

Sec. 35. Minnesota Statutes 1992, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2~~, clause (a), (b), (c), (d), or (e),~~ may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2~~, clause (b), (c), or (d),~~ *and who is between the ages of 16 and 21* may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, ~~clause (a), (b), (c), (d), or (e),~~ may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause ~~(d)~~ *(b)*, 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), (c), or (e),~~ may enroll part time, *if 16 years of age or older,* or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the school district of residence to provide educational services.

(e) A pupil who is ~~eligible under subdivision 2, clause (c) or (d),~~ *between the ages of 16 and 21* may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 36. Minnesota Statutes 1992, section 126.22, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL ELIGIBLE PROGRAM.] A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), ~~(b), or (c),~~ and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonprofit, nonpublic school that has contracted with the school district of residence to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 37. Minnesota Statutes 1992, section 126.22, subdivision 4, is amended to read:

Subd. 4. [PUPIL ENROLLMENT.] Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or an area learning center established under section 124C.45; or

(2) an eligible pupil under subdivision 2, ~~clause (c) or (d),~~ to enroll in an adult basic education program approved under section 124.26.

Sec. 38. Minnesota Statutes 1992, section 126.67, subdivision 8, is amended to read:

Subd. 8. [CAREER INFORMATION; APPROPRIATION.] *(a)* The department of education, *through the Minnesota career information system,* may provide career information to school districts and other educational organizations, employment and training services, human service agencies, libraries, and families. The department shall collect fees necessary to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program. *All receipts must be deposited in a special account in the special revenue fund. The money in the account, along with any interest earned, is appropriated annually to the commissioner of education for the Minnesota career information system. Equipment, materials, and property purchased with Minnesota career information system money must be for the sole use and benefit of the system.*

(b) The department must recognize that the Minnesota career information system operates under a self-supporting directive, and, accordingly, must be provided sufficient administrative latitude within the confines of law to enable the system to operate effectively.

Sec. 39. Laws 1992, chapter 571, article 10, section 29, is amended to read:

Sec. 29. [124.2712] [ECFE REVENUE.]

In addition to the revenue in section 124.2711, subdivision 1, in fiscal year ~~1993~~ *1994* a district is eligible for aid equal to $1.60 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the last school year. This amount may be used only for in-service education for early childhood family education parent educators, child educators, and home visitors for violence prevention programs and for home visiting programs under section ~~6~~ *126.77*. A district that uses revenue under this paragraph for home visiting programs shall provide home visiting program services through its early childhood family education program or shall contract with a public or nonprofit organization to provide such services. A district may establish a new home visiting program only where no existing, reasonably accessible home visiting program meets the program requirements in section ~~6~~ *126.77*.

Sec. 40. [INTEGRATED CHILDREN'S DATABASE.]

Subdivision 1. [PLAN.] *The departments of education, administration, health and human services, and the office of strategic and long-range planning shall jointly develop a plan for an integrated statewide children's*

service database. The plan must contain common essential data elements that include all children from birth through kindergarten enrollment by July 1, 1995. The essential data elements shall be the basis for a statewide children's service database. Initial service areas shall include but are not limited to: early childhood and family education, ECFE tribal schools, learning readiness, way to grow, early childhood special education part H, even start, school health, home visitor, lead poisoning screening, child care resources and referral, child care service development, child trust fund, migrant child care, dependent child care, headstart and community resource program.

In developing a plan for a statewide integrated children's database the joint planning team must:

(1) conduct a high-level needs analysis of service delivery and reporting and decision making areas;

(2) catalogue current information systems;

(3) establish outcomes for developing systems;

(4) analyze the needs of individuals and organizations that will use the system; and

(5) identify barriers to sharing information and recommend changes to the Data Practices Act to remove those barriers.

Subd. 2. [DATA STORAGE.] *The departments of education, administration, corrections, health and human services, and the office of strategic and long-range planning must provide to the legislature by January 30, 1995, a plan for storing essential data elements for family service centers to use. This plan will include reporting of data to the state as a by-product of both family service and school district internal operations.*

Subd. 3. [AGENCY SYSTEM INTEGRATION.] *Any state agency or department with programs serving children that is designing or redesigning its information system must ensure that the resulting information system can be fully integrated into the statewide children's service database by June 30, 1995. Agencies or departments must submit plans to design or redesign information systems for review by the information policy office to ensure that agency or department information can be fully integrated into the statewide children's service database.*

Sec. 41. [REPORTS.]

By February 15, 1994, the children's cabinet shall report to the chairs of the family services and education committees of the legislature and to the legislative commission on children, youth, and families the number of plans approved under section 10, subdivision 5, the amounts of the grants distributed, a brief description of the proposals, and the status of the collaboratives established under section 41, subdivision 3.

Sec. 42. [NORTH BRANCH COMMUNITY PARTICIPATION SCHOOL.]

Subdivision 1. [PILOT PROGRAM.] *Independent school district No. 138, North Branch, shall establish a pilot outcome-based community participation school with the following components:*

(1) educational opportunities for preschool through grade 6 learners;

(2) social services located at the school, including student and family counseling and appropriate referrals when necessary;

(3) programs that focus on self-esteem, conflict resolution, violence prevention, truancy, and other related issues;

(4) health services located at the school to address the health needs of learners, including prevention programs designed to reduce health-related problems caused by drug and alcohol use, poor nutrition, and other factors;

(5) community education programs designed to assist parents with the challenges of parenting in today's society;

(6) regular contact with the families of students by teachers, social workers, nurses, and other school personnel through home visits, conferences at school or the workplaces of family members, telephone contact, and written communication; and

(7) a Saturday program designed to address issues such as remedial work and family dynamics that impact student learning, or to provide other learning opportunities for students and their families.

Subd. 2. [FAMILY-SCHOOL PARTNERSHIP.] *The families of students attending the community participation school must agree to participate in the program by:*

(1) supporting the philosophy of the school;

(2) serving as volunteers at the school during the day, the evening, or on weekends;

(3) attending family training and information sessions on topics such as conflict resolution and parenting skills; and

(4) emphasizing the value of education at home through activities such as reading to their children and encouraging them to read, taking them to libraries, and reducing the family's television viewing.

Subd. 3. [COMMUNITY LEARNING COMMITTEE.] *A community learning committee shall be formed with representatives from the school district, city council, county, student groups, and others to develop a community plan for the implementation of this pilot program and to identify strategies for enhancing community recognition of the value that needs to be placed on education. The committee shall address how agencies will combine resources to collaborate on service delivery to carry out the purposes of the pilot school. The school board of independent school district No. 138 shall convene the initial meeting of this committee.*

Subd. 4. [TIMELINES.] *(a) The board of independent school district No. 138 shall establish this program no later than January 1, 1994. The community learning committee must be convened within 30 days following enactment of this section.*

(b) By July 15, 1994, independent school district No. 138 shall submit a report on the pilot program's status to the commissioner of education, the state board of education, and the education committees of the legislature.

(c) By February 1, 1995, independent school district No. 138 shall submit a report on the program's initial year to the commissioner of education, the state board of education, and the education committees of the legislature. The

report must document the impact of the pilot program on student performance in meeting outcomes, changes in student social behaviors and student health, family involvement in the school and the impact of that involvement, agency collaboration in providing school-based services, and other community participation.

Sec. 43. [COLLABORATIVE GRANTS.]

Subdivision 1. [APPLICATIONS FOR COLLABORATIVE PLANNING GRANTS.] *By August 1, 1993, the children's cabinet shall publish procedures for applying for and awarding planning grants under subdivision 2. Local collaboratives may obtain an application from the commissioner of education, human services, or health and must submit the completed application to the children's cabinet. The applicant must indicate the amount of the planning grant being sought and how the applicant will use the grant funds.*

Subd. 2. [DISTRIBUTION OF PLANNING GRANTS.] *By February 1, 1994, the children's cabinet must ensure that planning grant funds are distributed to collaboratives with approved applications. The funds must be geographically distributed throughout the state and balanced between the seven-county metropolitan area and elsewhere throughout the state. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. An applicant receiving a grant in fiscal year 1994 may use the grant money in fiscal year 1994 and may carry forward any unencumbered money into fiscal year 1995 or 1996. An applicant receiving a grant in fiscal year 1995 may use the grant money in fiscal year 1995 and may carry forward any unencumbered money into fiscal year 1996.*

Subd. 3. [COLLABORATIVE IMPLEMENTATION GRANTS; EVALUATION.] *To apply for an implementation grant, a collaborative must submit a plan to the children's cabinet by either December 1, 1993, or December 1, 1994. The plan must indicate the amount of the implementation grant requested and how the grant funds will be used. Grant recipients must use the grant money solely to provide direct services to children and families. Up to one-half of the appropriation available for implementation grants may be awarded to collaboratives with plans received by December 1, 1993, that the cabinet approves. The remaining appropriation is available for grants to collaboratives with plans received by December 1, 1994. The children's cabinet shall review a plan and notify the collaborative within 60 days of receiving the plan whether or not the plan has been approved. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. An applicant receiving a grant in fiscal year 1994 may use the grant money in fiscal year 1994 and may carry forward any unencumbered money into fiscal year 1995 or 1996. An applicant receiving a grant in fiscal year 1995 may use the grant money in fiscal year 1995 and may carry forward any unencumbered money into fiscal year 1996.*

Subd. 4. [REPORTS BY COLLABORATIVES.] *Collaboratives receiving implementation grants must submit a report to the children's cabinet. The report shall describe the progress the collaborative made toward implementing the local plan, how funds received under subdivision 3 were used, the number and type of clients served, and the types of services provided. The report shall be submitted to the children's cabinet by December 31, 1994, by collaboratives whose local plan was approved no later than February 1, 1994, and by December 31, 1995, for those collaboratives whose local plan was*

approved no later than February 1, 1995. Within two years of the date on which a collaborative receives an implementation grant, a collaborative shall submit a report to the children's cabinet describing the extent to which the collaborative achieved the outcomes developed under Minnesota Statutes, section 121.8355, subdivision 1, clause (1).

Sec. 44. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.*

Subd. 2. [ADULT BASIC EDUCATION AID.] *For adult basic education aid according to Minnesota Statutes, section 124.26, in fiscal year 1994 and 124.2601 in fiscal year 1995:*

$5,904,000 1994

$7,998,000 1995

The 1994 appropriation includes $911,000 for 1993 and $4,993,000 for 1994.

The 1995 appropriation includes $880,000 for 1994 and $7,118,000 for 1995.

Up to $275,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] *For adults with disabilities programs according to Minnesota Statutes, section 124.2715:*

$670,000 1994

$670,000 1995

Any balance in the first year does not cancel and is available for the second year.

Subd. 4. [ALCOHOL-IMPAIRED DRIVER.] *(a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):*

$514,000 1994

$514,000 1995

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal years 1994 and 1995.

(c) Up to $226,000 each year may be used by the department of education to contract for services to school districts stressing the dangers of driving after consuming alcohol. Of this amount, up to $133,000 may be used for kids reaching kids programs and up to $93,000 may be used for the driving under the influence demonstration program. No more than five percent of the amount received may be used for administrative costs by the contract recipients.

(d) Up to $88,000 each year may be used for grants to support student-centered programs to discourage driving after consuming alcohol.

(e) Up to $200,000 and any additional funds each year may be used for chemical abuse prevention grants.

Subd. 5. [COMMUNITY EDUCATION AID.] *For community education aid according to Minnesota Statutes, section 124.2713:*

$3,182,000 1994

$3,319,000 1995

The 1994 appropriation includes $496,000 for 1993 and $2,686,000 for 1994.

The 1995 appropriation includes $474,000 for 1994 and $2,845,000 for 1995.

Subd. 6. [ADULT GRADUATION AID.] *For adult graduation aid:*

$1,827,000 1994

$1,986,000 1995

The 1994 appropriation includes $204,000 for 1993 and $1,623,000 for 1994.

The 1995 appropriation includes $286,000 for 1994 and $1,700,000 for 1995.

In the event that the appropriation in either year is insufficient, the adult graduation aid paid to a school district and to a higher education institution shall be prorated equally.

Subd. 7. [HEALTH AND DEVELOPMENTAL SCREENING AID.] *For health and developmental screening aid according to Minnesota Statutes, section 123.7045:*

$1,558,000 1994

$1,550,000 1995

The 1994 appropriation includes $240,000 for 1993 and $1,318,000 for 1994.

The 1995 appropriation includes $232,000 for 1994 and $1,318,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 8. [HEARING IMPAIRED ADULTS.] *For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:*

$70,000 1994

$70,000 1995

Subd. 9. [VIOLENCE PREVENTION GRANTS.] *For violence prevention education grants under Minnesota Statutes, section 126.78:*

$1,000,000 1994

Notwithstanding the geographical distribution requirement in Minnesota Statutes, section 126.78, subdivision 3, the commissioner shall give priority in awarding grants in fiscal year 1994 to eligible school districts that did not receive a grant in fiscal year 1993.

Subd. 10. [GED TESTS.] *For payment of 60 percent of the costs of GED tests:*

$180,000 1994

$180,000 1995

Subd. 11. [GED COORDINATION.] *For statewide coordination of the GED program:*

$60,000 1994

$60,000 1995

Subd. 12. [WAY TO GROW.] *For grants for existing way to grow programs according to Minnesota Statutes, section 145.926:*

$950,000 1994

This appropriation is available until June 30, 1995.

Subd. 13. [SURVEY.] *For a survey of students, including those attending alternative education programs:*

$150,000 1995

Subd. 14. [EARLY CHILDHOOD FAMILY EDUCATION AID.] *For early childhood family education aid according to Minnesota Statutes, section 124.2711:*

$13,464,000 1994

$13,876,000 1995

The 1994 appropriation includes $1,875,000 for 1993 and $11,589,000 for 1994.

The 1995 appropriation includes $2,044,000 for 1994 and $11,832,000 for 1995.

$10,000 each year may be spent for evaluation of ECFE programs.

Subd. 15. [ECFE HOME VISITING.] *For the early childhood family education program home visiting component according to Minnesota Statutes, section 121.882, subdivision 2b:*

$450,000 1994

The entire amount is available in 1994.

Subd. 16. [LEARNING READINESS PROGRAM REVENUE.] *For revenue for learning readiness programs:*

$9,495,000 1994

$9,505,000 1995

The 1994 appropriation includes $1,412,000 for 1993 and $8,083,000 for 1994.

The 1995 appropriation includes $1,426,000 for 1994 and $8,079,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 17. [VIOLENCE PREVENTION COUNCILS.] *(a) For grants to cities, counties, and school boards for community violence prevention councils:*

$200,000 1994

$200,000 1995

(b) During the biennium, councils shall identify community needs and resources for violence prevention and development services that address community needs related to violence prevention.

(c) Any of the funds awarded to school districts but not expended in fiscal year 1994, are available to the award recipient in fiscal year 1995 for the same purposes and activities.

(d) Any portion of the 1994 appropriation not spent in 1994 is available in 1995.

(e) One hundred percent of this aid must be paid in the current fiscal year in the same manner as specified in Minnesota Statutes, section 124.195, subdivision 9.

Subd. 18. [OMBUDSPERSONS.]

$80,000 1994

The appropriation is to be distributed in equal amounts to the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans, for purposes of funding the activities of the ombudspersons authorized by Minnesota Statutes, sections 257.0755 to 257.0768. Any balance in 1994 is available until June 30, 1995.

Subd. 19. [NORTH BRANCH GRANT.] *For a grant to independent school district No. 138, North Branch, to develop a community school program:*

$200,000 1994

Any balance in the first year does not cancel but is available in the second year.

Subd. 20. [LOCAL COLLABORATIVES.] *For grants to local collaboratives according to section 43, subdivisions 2 and 3:*

$5,000,000 1994

$1,500,000 is for collaborative planning grants.

Up to $130,000 of the sum listed above is for the legislative coordinating commission for purposes of carrying out the responsibilities under Minnesota Statutes, section 3.873.

Up to $400,000 is for the office of strategic and long-range planning for development of a statewide children's service database and for staffing the children's cabinet.

Any portion of this sum not spent on planning grants shall be used for implementation grants.

$3,500,000 is for collaborative implementation grants.

The amounts appropriated under this subdivision do not cancel but are available until June 30, 1996.

Subd. 21. [EXTENDED DAY AID.] *For extended day aid according to Minnesota Statutes, section 124.2716:*

$340,000 1995

Sec. 45. [REPEALER.]

Minnesota Statutes 1992, sections 126.22, subdivision 2a; and 145.926, are repealed.

Sec. 46. [EFFECTIVE DATES.]

Section 33 is effective July 1, 1993, and apply to the 1993-1994 school year and later school years. Sections 26 and 30 are effective for the 1993, payable 1994 levies.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1992, section 121.912, is amended by adding a subdivision to read:

Subd. 8. [ENERGY CONSERVATION FUND TRANSFERS.] *A school district that has contracted with a provider of energy conservation improvements, or a school district that has received a loan from a public utility to make energy conservation improvements may annually transfer from the general fund to the capital expenditure fund, the amount related to the energy savings of the energy conservation improvements.*

Sec. 2. Minnesota Statutes 1992, section 123.36, is amended by adding a subdivision to read:

Subd. 15. [USE OF BUILDINGS BY LOWER GRADES.] *(a) In addition to the protections provided in existing building and fire code rules and standards, the following alternatives apply for existing school buildings:*

(1) rooms occupied by preschool, kindergarten, and first and second grade students for classrooms, latchkey, day care, early childhood family education or teen parent or similar programs may be located on any floor level below the fourth story of a school building if the building is protected throughout by a complete automatic sprinkler system and a complete automatic fire alarm system consisting of automatic smoke detection throughout the exit system and approved smoke detection in all rooms and areas other than classrooms and offices;

(2) rooms used by preschool, kindergarten, or first grade students for classrooms, latchkey, day care, early childhood family education or teen

parent or similar programs, must be located on the story of exit discharge, and rooms used by second grade students, for any purpose, must be located on the story of exit discharge or one story above unless one of the following conditions is met:

(i) a complete automatic sprinkler system is provided throughout the building, the use of the affected room or space is limited to one grade level at a time, and exiting is provided from the affected room or space which is independent from the exiting system used by older students; or

(ii) a complete approved automatic fire alarm system is installed throughout the building consisting of automatic smoke detection throughout the exit system and approved detection in all rooms and areas other than classrooms and offices, the use of the affected room or space is limited to one grade level at a time and exiting is provided from the affected room or space which is independent from the exiting system used by older students.

(b) For purposes of paragraph (a), clause (2), pupils from second grade down are considered one grade level.

(c) Accessory spaces, including gymnasiums, cafeterias, media centers, auditoriums, libraries, and band and choir rooms, which are used on an occasional basis by preschool, kindergarten, and first and second grade students are permitted to be located one level above or one level below the story of exit discharge, provided the building is protected throughout by a complete automatic sprinkler system or a complete approved corridor smoke detection system.

(d) Paragraphs (a) and (c) supersede any contrary provisions of the state fire code or state building code and rules relating to those codes must be amended by the state agencies having jurisdiction of them.

(e) Paragraphs (a) to (d) are effective for new school buildings beginning July 1, 1994.

Sec. 3. [124.239] [ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.]

Subdivision 1. [TO QUALIFY.] *An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:*

(1) more than 66 students per grade;

(2) over 1,850,000 square feet of space;

(3) average age of building space is 20 years or older;

(4) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(5) a ten-year facility plan approved by the commissioner according to subdivision 2.

Subd. 2. [TEN-YEAR PLAN.] *(a) A qualifying district must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:*

(1) health and safety revenue;

(2) disabled access levy; and

(3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) The school district must:

(1) annually update the plan;

(2) biennially submit a facility maintenance plan; and

(3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

Subd. 3. [BOND AUTHORIZATION.] *A school district, upon approval of its school board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.*

Subd. 4. [LEVY PROHIBITED FOR CAPITAL PROJECTS.] *A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid for any capital projects under sections 124.83 and 124.84. A district may levy for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 19 and approved by the commissioner.*

Subd. 5. [LEVY AUTHORIZED.] *A district, after local board approval, may levy for costs related to an approved facility plan as follows:*

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan.

Subd. 6. [SEPARATE ACCOUNT.] *A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.*

Sec. 4. Minnesota Statutes 1992, section 124.243, subdivision 1, is amended to read:

Subdivision 1. A school board *annually* shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its official newspaper at least 20 days before the hearing. *A school board may amend its capital expenditure facilities program at any time.* The program shall include plans for repair and restoration of existing district-

owned facilities and plans for new construction. *Plans for new construction and plans for repairs and restoration funded through bond proceeds must be included in the program before notice of the district's intended debt service levy is given to the commissioner for the project costs to be included in the district's required debt service levy under section 124.95 for that year.* The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, *the estimated property tax effects of the program for the next fiscal year,* and the proposed methods of financing the program. ~~The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.~~

Sec. 5. Minnesota Statutes 1992, section 124.243, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] *(a) For fiscal years 1994 and 1995,* capital expenditure facilities revenue for a district equals $128 times its actual pupil units for the school year.

(b) For fiscal years 1996 and later, capital expenditure facilities revenue for a district equals $100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds ~~$270~~ *$675* times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds ~~$270~~ *$675* times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.

(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.

(e) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(g) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(h) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to $15 times the number of actual pupil units at the site where the program is implemented.

Sec. 6. Minnesota Statutes 1992, section 124.243, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION TO FUND BALANCE REDUCTION.] A district may apply to the commissioner for approval for an unreserved fund balance in its capital expenditure facilities account that exceeds $270 per fund balance pupil unit for a period not to exceed ~~three~~ *five* years. If the commissioner approves the district's application, the district's capital expenditure facilities revenue shall not be reduced according to subdivision 2. The commissioner may approve a district's application for an exception only if the use of the district's capital expenditure facilities funds are consistent with plans adopted according to subdivision 1.

Sec. 7. Minnesota Statutes 1992, section 124.243, subdivision 6, is amended to read:

Subd. 6. [USES OF REVENUE.] Capital expenditure facilities revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes, ~~if approved by the commissioner of education according to applicable statutes and rules~~ *up to $400,000*;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123.36, subdivision 10;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment.

Sec. 8. Minnesota Statutes 1992, section 124.243, subdivision 8, is amended to read:

Subd. 8. [FUND TRANSFERS.] *(a)* Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except ~~that~~ *as specified in this subdivision.*

(b) The school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

(c) A school board may transfer all or a part of its capital expenditure facilities revenue to its capital expenditure equipment account if:

(1) the district has only one facility and that facility is less than ten years old; or

(2) the district receives approval from the commissioner to make the transfer.

(d) In considering approval of a transfer under paragraph (c), clause (2), the commissioner must consider the district's facility needs.

Sec. 9. Minnesota Statutes 1992, section 124.243, is amended by adding a subdivision to read:

Subd. 12. [MAINTENANCE COST INDEX.] *(a) A district's maintenance cost index is equal to the ratio of:*

(1) the total weighted square footage for all eligible district-owned facilities; and

(2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

(1) one plus the ratio of the age in years to 100; or

(2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

Sec. 10. Minnesota Statutes 1992, section 124.244, subdivision 1, is amended to read:

Subdivision 1. [REVENUE AMOUNT.] *(a) For fiscal years 1994 and 1995,* the capital expenditure equipment revenue for each district equals $63 times its actual pupil units ~~counted according to section 124.17, subdivision 1,~~ for the school year.

(b) For fiscal years 1996 and later, the capital expenditure equipment revenue for each district equals $68 times its actual pupil units for the school year.

Sec. 11. [124.2455] [BONDS FOR CERTAIN CAPITAL FACILITIES.]

(a) In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including:

(1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving handicap accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

(d) The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

Sec. 12. Minnesota Statutes 1992, section 124.37, is amended to read:

124.37 [POLICY AND PURPOSE.]

The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require these school costs to be borne primarily by the local subdivisions. In most instances the local

subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.47 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary money. *It is also the purpose of sections 124.36 to 124.47 to promote efficient use of school buildings. To that end, a district that receives a maximum effort loan is encouraged to design and use its facility to integrate social services and library services.*

Sec. 13. Minnesota Statutes 1992, section 124.38, is amended by adding a subdivision to read:

Subd. 4a. [LEVY.] *"Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 124.95, subdivision 5. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 7, shall be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section shall not be reduced below 18.74 percent of the district's adjusted net tax capacity.*

Sec. 14. Minnesota Statutes 1992, section 124.431, subdivision 1, is amended to read:

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. *For purposes of this section, "education facilities" includes space for Head Start programs and social service programs.*

Sec. 15. Minnesota Statutes 1992, section 124.431, subdivision 1a, is amended to read:

Subd. 1a. [CAPITAL LOANS ELIGIBILITY.] Beginning July 1, 1992, a district is not eligible for a capital loan unless the district's estimated net debt tax rate *as computed by the commissioner* after debt service equalization aid would be more than 20 percent of adjusted net tax capacity. *The estimate must assume a 20-year maturity schedule for new debt.*

Sec. 16. Minnesota Statutes 1992, section 124.431, subdivision 2, is amended to read:

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) *the district has made a good faith effort to encourage integration of social service programs within the new facility; and*

(10) 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.

Sec. 17. Minnesota Statutes 1992, section 124.431, subdivision 14, is amended to read:

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. *A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level.* 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. 18. Minnesota Statutes 1992, section 124.494, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATION.] Any group of school districts that meets the criteria required under subdivision 2 may apply for an incentive grant in an amount not to exceed the lesser of ~~$6,000,000~~ *$5,000,000* or 75 percent of the approved construction costs of a cooperative secondary education facility.

Sec. 19. Minnesota Statutes 1992, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; *and*

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

Sec. 20. Minnesota Statutes 1992, section 124.494, is amended by adding a subdivision to read:

Subd. 4a. [COLOCATION GRANT.] *A group of districts that receives a grant under subdivision 4 is also eligible to receive an additional grant in the amount of $1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the location of a significant number of noneducational student and community service programs within the cooperative secondary facility.*

Sec. 21. [124.829] [HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT.]

"Health, safety, and environmental management" means school district activities necessary for a district's compliance with state law and rules of the departments of health, labor and industry, public safety, and pollution control agency as well as any related federal standards. These activities include hazard assessment, required training, record keeping, and program management.

Sec. 22. Minnesota Statutes 1992, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire ~~code compliance, or~~ *and* life safety *code* repairs, *labor and industry regulated facility and equipment violations, and health, safety, and environmental management*. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, *per building*, of the program by fiscal year.

Sec. 23. Minnesota Statutes 1992, section 124.83, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PROGRAM.] A district ~~may~~ *must* adopt a health and safety program. The program ~~may~~ *must* include plans, *where applicable*, for hazardous substance removal, fire ~~code compliance, or~~ *and* life safety *code* repairs, *regulated facility and equipment violations, and health, safety, and environmental management*.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos *as required by the federal Asbestos Hazard Emergency Response Act of 1986*, ~~a new plan is not necessary~~ *the district may use a summary of that plan, which includes a description and schedule of response actions,* for purposes of this section. *The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.*

(b) A fire *and life* safety plan must contain a description of the current fire *and life safety* code ~~violation~~ *violations*, a plan for the removal or repair of the fire *and life safety* hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

~~A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.~~

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 124.829.

(e) A plan to test for and mitigate radon produced hazards.

Sec. 24. Minnesota Statutes 1992, 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 the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to ~~$3,515~~ *50 percent of the equalizing factor.*

Sec. 25. Minnesota Statutes 1992, 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, *labor and industry regulated facility and equipment hazards, and health, safety, and environmental management.* Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. 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. 26. Minnesota Statutes 1992, section 124.83, is amended by adding a subdivision to read:

Subd. 8. [HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT COST.] *(a) A district's cost for health, safety, and environmental management is limited to the lesser of:*

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) Effective July 1, 1993, the department of education may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

Sec. 27. Minnesota Statutes 1992, section 124.85, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

(1) insulation of the building structure and systems within the building;

(2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;

(3) automatic energy control systems;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;

(6) energy recovery systems;

(7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;

(8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed ~~ten~~ *25* years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

Sec. 28. Minnesota Statutes 1992, section 124.85, subdivision 4, is amended to read:

Subd. 4. [DISTRICT ACTION.] A district may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report,

it finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ~~ten~~ *25* years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed ~~ten~~ *25* years. Notwithstanding section 121.912, a district annually may transfer from the general fund to the capital expenditure fund an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.

Sec. 29. Minnesota Statutes 1992, section 124.85, subdivision 5, is amended to read:

Subd. 5. [INSTALLATION CONTRACTS.] A school district may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than ~~one-tenth~~ *1/25* of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a ~~ten-year~~ *25-year* term from the date of the first operation.

Sec. 30. Minnesota Statutes 1992, section 124.91, subdivision 3, is amended to read:

Subd. 3. [POST-JUNE 1992 LEASE PURCHASE, INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real property under an installment contract or may lease real property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

~~(3) The district may terminate the installment contract or lease purchase agreement at the end of any fiscal year during its term.~~

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.

Sec. 31. Minnesota Statutes 1992, section 124.95, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] *(a)* For purposes of this section, the ~~required~~ *eligible* debt service ~~levy~~ *revenue* of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations~~, excluding obligations under section 124.2445,~~ of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, *lease purchase payments under section 124.91, subdivisions 2 and 3*, minus

(2) the amount of debt service excess *levy reduction* for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust; and

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Sec. 32. Minnesota Statutes 1992, section 124.95, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] *(a)* The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to

section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.

Sec. 33. Minnesota Statutes 1992, section 124.95, subdivision 2a, is amended to read:

Subd. 2a. [NOTIFICATION.] A district eligible for debt service equalization revenue under subdivision 2 must notify the commissioner of the amount of its intended debt service ~~levy~~ *revenue* calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified.

Sec. 34. Minnesota Statutes 1992, section 124.95, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE EQUALIZATION REVENUE.] (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the ~~required~~ *eligible* debt service ~~levy~~ *revenue* minus the amount raised by a levy of ten percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Sec. 35. Minnesota Statutes 1992, section 124.961, is amended to read:

124.961 [DEBT SERVICE APPROPRIATION.]

(a) $6,000,000 is appropriated in fiscal year 1993 from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. $17,000,000 in fiscal year 1994 and ~~$21,000,000~~ *$26,000,000* in fiscal year 1995 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. *The 1994 appropriation includes $3,000,000 for 1993 and $14,000,000 for 1994.*

(b) ~~These amounts~~ *The appropriations in paragraph (a)* must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 36. [124C.60] [CAPITAL FACILITIES AND EQUIPMENT GRANTS FOR COOPERATION AND COMBINATION.]

Subdivision 1. [ELIGIBILITY.] *Two or more districts that have a cooperation and combination plan approved by the state board of education under section 122.242, may apply for a grant of up to $100,000 under this section. The grant must be awarded after the districts combine according to sections 122.241 to 122.248.*

Subd. 2. [PROCEDURES.] *The state board shall establish procedures and deadlines for the grant application. The state board shall review each application and may require modifications consistent with sections 122.241 to 122.248.*

Subd. 3. [USE OF GRANT MONEY.] *The grant money may be used for any capital expenditures specified in section 124.243 or 122.244.*

Sec. 37. Minnesota Statutes 1992, section 134.31, subdivision 1, is amended to read:

Subdivision 1. The state shall, as an integral part of its responsibility for public education, support the provision of library service for every citizen ~~and~~, the development of cooperative programs for the sharing of resources and services among all libraries, *and the establishment of jointly operated library services at a single location where appropriate.*

Sec. 38. Minnesota Statutes 1992, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to post-secondary educational institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services. *The department shall also provide assistance to school districts, regional library systems, and member libraries interested in offering joint library services at a single location.*

Sec. 39. Minnesota Statutes 1992, section 134.32, subdivision 8, is amended to read:

Subd. 8. *(a)* The state board shall promulgate rules consistent with sections 134.32 to 134.35 governing:

~~(a)~~ *(1)* applications for these grants;

~~(b)~~ *(2)* computation formulas for determining the amounts of establishment grants and regional library basic system support grants; and

~~(c)~~ *(3)* eligibility criteria for grants.

(b) To the extent allowed under federal law, a construction grant applicant, in addition to the points received under Minnesota Rules, part 3530.2632, shall receive an additional five points if the construction grant is for a project

combining public library services and school district library services at a single location.

Sec. 40. Minnesota Statutes 1992, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~county auditor~~ *commissioner. The commissioner shall report the amount of the excess to the county auditor* and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. The school board may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 41. [FACILITY REVENUE USE.]

Notwithstanding section 124.243, subdivision 6, for fiscal years 1994 and 1995, a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under section 124.244.

Sec. 42. [LEASE LEVY FOR ADMINISTRATIVE SPACE.]

Each year, upon approval of the commissioner of education, independent school district No. 709, Duluth, may levy the amount necessary to rent or lease administrative space so that space being used for administrative purposes as of the effective date of this section can be used for instructional purposes. In granting approval under this section, the commissioner must determine that the overall lease levy for the district would not be higher than it would have been under Minnesota Statutes, section 124.91, subdivision 1.

Sec. 43. [EXCEPTION TO LEASE LIMIT.]

Notwithstanding any law to the contrary, independent school district No. 861, Winona, may enter into an agreement, for the number of years stated in the agreement, with the city of Rollingstone to lease space for educational purposes.

Upon approval by the commissioner of education, the district may levy for as many years as required under the agreement the amount necessary to make payments required by the agreement. To obtain approval from the commissioner, the district must demonstrate substantial collaboration with the city in

the use of the facility. The city must also agree to contribute $100,000 toward the cost of the education portion of the facility. The amount of the levy shall be annually included in the district's debt service levy under Minnesota Statutes, section 124.95, subdivision 1, for purposes of determining the district's debt service equalization aid.

Sec. 44. [RADON TESTING; SCHOOL DISTRICTS.]

Subdivision 1. [VOLUNTARY PLAN.] *The commissioners of health and education may jointly develop a plan to encourage school districts to accurately and efficiently test for the presence of radon in public school buildings serving students in kindergarten through grade 12. To the extent possible, the commissioners shall base the plan on the standards established by the United States Environmental Protection Agency.*

Subd. 2. [RADON TESTING.] *A school district may include radon testing as a part of its health and safety plan. If a school district receives authority to use health and safety revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.*

Subd. 3. [REPORTING.] *A school district that has tested its school buildings for the presence of radon shall report the results of its tests to the department of health in a form and manner prescribed by the commissioner of health. A school district that has tested for the presence of radon shall also report the results of its testing at a school board meeting.*

Sec. 45. [CAPITAL LOANS.]

Subdivision 1. [CAPITAL LOAN PRIORITIES.] *Notwithstanding Minnesota Statutes, section 124.431, subdivision 5, the capital loan applications and the state board approvals of capital loans for independent school districts No. 727, Big Lake, and No. 707, Nett Lake, do not cancel until July 1, 1995. The school districts listed in this section are the top priority for funding capital loans until July 1, 1995. If either of these capital loan projects remains unfunded, the commissioner shall resubmit the loan application to the legislature by February 1, 1994, and February 1, 1995.*

Subd. 2. [MAXIMUM EFFORT LOAN REVIEW.] *When bonding is authorized for the capital loans approved in this section, the commissioner shall review the proposed plan and budgets of these maximum effort school loan projects 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.*

Sec. 46. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] *For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:*

$73,290,000 1994

$75,980,000 1995

The 1994 appropriation includes $10,730,000 for 1993 and $62,560,000 for 1994.

The 1995 appropriation includes $11,040,000 for 1994 and $64,940,000 for 1995.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] *For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:*

$36,049,000 1994

$37,390,000 1995

The 1994 appropriation includes $5,279,000 for 1993 and $30,720,000 for 1994.

The 1995 appropriation includes $5,430,000 for 1994 and $31,960,000 for 1995.

Subd. 4. [HEALTH AND SAFETY AID.] *(a) For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:*

$11,260,000 1994

$18,924,000 1995

The 1994 appropriation includes $1,256,000 for 1993 and $10,004,000 for 1994.

The 1995 appropriation includes $1,694,000 for 1994 and $17,230,000 for 1995.

(b) $400,000 in fiscal year 1994 and $400,000 in fiscal year 1995 is for health and safety management assistance contracts under section 24.

(c) $60,000 of each year's appropriation shall be used to contract with the state fire marshal to provide services under Minnesota Statutes, section 121.502. This amount is in addition to the amount for this purpose in article 11.

(d) For fiscal year 1995, the sum of total health and safety revenue and levies under section 3 may not exceed $64,000,000. The state board of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount.

(e) Notwithstanding section 124.14, subdivision 7, the commissioner of education, with the approval of the commissioner of finance, may transfer a projected excess in the appropriation for health and safety aid for fiscal year 1995 to the appropriation for debt service aid for the same fiscal year. The projected excess amount and the projected deficit in the appropriation for debt service aid must be determined and the transfer made as of November 1, 1994. The amount of the transfer is limited to the lesser of the projected excess in the health and safety appropriation or the projected deficit in the appropriation for debt service aid. Any transfer must be reported immediately to the education committees of the house of representatives and senate.

Subd. 5. [DEBT SERVICE AID.] *For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:*

$17,018,000 1994

$26,000,000 1995

$18,000 of the fiscal year 1994 appropriation is to correct an erroneous proration of debt service equalization aid.

Subd. 6. [LIBRARY DEMONSTRATION GRANT.] *For a demonstration grant to encourage jointly operated library services at a single location:*

$30,000 1994

Within one year of receiving a grant under this subdivision, the grant recipient must evaluate the jointly operated library services and report the results of the evaluation to the legislature.

Subd. 7. [PLANNING AND EXPENSES.] *For a grant and administrative expenses to facilitate planning for cooperative secondary facilities for independent school district Nos. 341, Atwater, 461, Cosmos, and 464, Grove City, acting under a joint powers agreement:*

$100,000 1994

Sec. 47. [EFFECTIVE DATE.]

Section 39 is effective July 1, 1996. Sections 18 and 20 are effective for cooperative secondary facilities grants approved by the legislature after January 1, 1994.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1992, section 120.0621, is amended by adding a subdivision to read:

Subd. 3a. [CANADIAN PUPILS.] *A pupil who resides in Canada may enroll in a Minnesota school district if the province in which the pupil resides pays tuition to the school district in which the pupil is enrolled. A pupil may enroll either full-time or part-time for all instructional programs and shall be considered eligible for all other purposes for all other programs offered by the district. The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1. A school district may accept funds from any international agency for these programs.*

Sec. 2. Minnesota Statutes 1992, section 121.912, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] (a) A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248 may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, *food service fund, and health and safety account of the capital expenditure fund*. Fund transfers under this section may be made only during the year following the effective date of reorganization.

(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund, *food service fund, and health and safety account of the capital expenditure fund* for up to one year prior to the effective date of combination under sections 122.241 to 122.248.

Sec. 3. Minnesota Statutes 1992, section 121.931, subdivision 5, is amended to read:

Subd. 5. [SOFTWARE DEVELOPMENT.] The ~~state board, with the advice of the ESV computer council,~~ *commissioner* shall provide for the development of applications software for ESV-IS and SDE-IS. ~~The state board may provide state or federal funds for the development of software for an alternative management information system only if it determines that this system may have statewide applicability. Notwithstanding the foregoing, the state board may, for innovative projects involving computers, approve grants to districts pursuant to title IV of the Elementary and Secondary Education Act of 1965 as amended, or any other appropriate statute.~~ *The commissioner may charge school districts or regional organizations for the actual cost of software development used by the district or regional entity. Any amount received is annually appropriated to the department of education for this purpose.*

Sec. 4. Minnesota Statutes 1992, section 122.22, is amended by adding a subdivision to read:

Subd. 21. (a) In the year prior to the effective date of the dissolution of a district, the school board of a district to which all of the dissolving district is to be attached may adopt a resolution directing the school board of the dissolving district to certify levies for general education, basic transportation, and capital expenditure equipment and facilities in an amount not to exceed the maximum amount authorized for the dissolving district for taxes payable in the year the dissolution is effective. If the dissolving district is to be attached to more than one school district, the boards of the districts to which the dissolving district is to be attached may adopt a joint resolution that accomplishes the purpose in this paragraph.

(b) Notwithstanding any other law to the contrary, upon receipt of a resolution under paragraph (a), the board of the dissolving district must certify levies in the amounts specified in the resolution for taxes payable in the year the dissolution is effective.

Sec. 5. Minnesota Statutes 1992, section 122.242, subdivision 9, is amended to read:

Subd. 9. [FINANCES.] The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, *down payment levies under section 124.82,* and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 121.915, clause (1); and

(5) two- and five-year projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 6. Minnesota Statutes 1992, section 122.243, subdivision 2, is amended to read:

Subd. 2. [VOTER APPROVAL.] A referendum on the question of combination shall be conducted during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate. 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 the referendum fails again, the districts shall modify their cooperation and combination plan. A third referendum may be conducted. If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 124.2725 until the following year. Referendums shall be conducted on the same date in all districts.

Sec. 7. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 10. [COOPERATIVES THAT MERGE.] *Notwithstanding subdivisions 1 to 9, the following paragraphs apply to cooperatives that merge.*

(a) If a cooperative enters into an agreement to merge with another cooperative, the boards of the cooperatives and the exclusive representatives of the teachers in the cooperatives and the teachers in each member district may negotiate a plan to assign or employ in a member district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall include the plans in their agreement.

(b) If compatible plans are not negotiated under paragraph (a) by the March 1 preceding the effective date of the merger of the cooperatives, subdivisions 2 to 9 apply to teachers and nonlicensed employees whose positions are terminated as a result of an agreement to merge cooperatives.

Sec. 8. Minnesota Statutes 1992, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] One hundred percent of the aid for the current fiscal year must be paid for the following aids: ~~management information center subsidies, according to section 121.935;~~ reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; tribal contract school aid, according to section 124.85; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14,

subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 9. Minnesota Statutes 1992, section 124.2725, subdivision 2, is amended to read:

Subd. 2. [COOPERATION AND COMBINATION REVENUE.] Cooperation and combination revenue equals~~, for each resident and nonresident pupil receiving instruction in a cooperating or combined district,~~ $100 times the ~~actual~~ pupil units *served in the district. For purposes of this section, pupil units served means the number of resident and nonresident pupil units in average daily membership receiving instruction in the cooperating or combined district.* A district may not receive revenue under this section if it levies under section 124.912, subdivision 4.

Sec. 10. Minnesota Statutes 1992, section 124.2725, subdivision 4, is amended to read:

Subd. 4. [INCREASING LEVY.] (a) For districts that *did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that* combine without cooperating, the percentage in subdivision 3, clause (2), shall be:

(1) 50 percent for the first year of combination; and

(2) 25 percent for the second year of combination.

(b) For districts *that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:*

(1) 100 percent for the first year of combination;

(2) 75 percent for the second year of combination;

(3) 50 percent for the third year of combination; and

(4) 25 percent for the fourth year of combination.

(c) 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.

~~(c)~~ *(d)* 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. 11. Minnesota Statutes 1992, section 124.2725, subdivision 5, is amended to read:

Subd. 5. [COOPERATION AND COMBINATION AID.] (a) Districts that *did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and* combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.

(b) *Districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first four years of combination. Aid must not be paid after four years of combination.*

(c) 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. Aid shall not be paid after three years of combining.

~~(c)~~ *(d)* 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. Aid shall not be paid after two years of combining.

~~(d)~~ *(e)* In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.

Sec. 12. Minnesota Statutes 1992, section 124.2725, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL AID.] In addition to the aid in subdivision 5, districts shall receive aid according to the following:

(1) for districts that *did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and* combine without cooperating, $100 times the ~~actual~~ pupil units *served* in the district in the first year of combination; or

(2) for districts that combine after one ~~year~~ *or two years* of cooperation, $100 times the actual pupil units *served* in each district for the first year of cooperation~~, for each resident and nonresident pupil receiving instruction in the cooperating district,~~ and $100 times the actual pupil units *served* in the combined district for the first year of combination; or

(3) ~~for districts that combine after two years of cooperation, $100 times the actual pupil units in each district for the first year of cooperation, for each resident and nonresident pupil receiving instruction in the cooperating district, and $100 times the actual pupil units in the combined district for the first year of combination~~ *for districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, $100 times the pupil units served in the combined district for the first two years of combination.*

Sec. 13. Minnesota Statutes 1992, section 124.2725, subdivision 9, is amended to read:

Subd. 9. [SUBSEQUENT DISTRICTS.] If a district subsequently cooperates or combines with districts that have previously received revenue under this section, the new district shall receive revenue, according to subdivision 4 or 6, as ~~though it had been a party to the initial agreement~~ *follows:*

(1) if the districts previously received revenue under sections 10, paragraph (a), 11, paragraph (a), and 12, clause (1), the new district will receive two years of revenue under those provisions;

(2) if the districts previously received revenue under sections 10, paragraph (b), (c), or (d), 11, paragraph (b), (c), or (d), and 12, clause (2) or (3), the new district shall receive four years of revenue under the applicable provisions of sections 11 to 13. The previously cooperating or combined districts may not receive revenue, according to subdivision 6 or 10, as though parties to a new agreement.

As of the effective date of a cooperation and combination agreement between districts that have previously received revenue under this section and a new district, the new group of districts may not receive revenue in excess of the limit specified in subdivision 10.

Sec. 14. Minnesota Statutes 1992, section 124.2725, subdivision 10, is amended to read:

Subd. 10. [REVENUE LIMIT.] Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 ~~actual~~ pupil units *served*. Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units *served* in the districts.

Sec. 15. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [~~REVENUE FOR EXTENDED COOPERATION~~ *FAILURE TO COMBINE.*] *A district has failed to combine* if the state board disapproves of the plan according to section 122.243, subdivision 1, or if a ~~second~~ *third* referendum fails under section 122.243, subdivision 2, ~~cooperation and combination revenue shall equal $50 times the actual pupil units~~ *or if the commissioner of education determines that the districts involved are not making sufficient progress toward combination.*

(a) If a district has failed to combine, cooperation and combination aid ~~must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been $50 times the actual pupil units. If the aid is insufficient to recover the entire amount,~~ *under subdivisions 5 and 6 shall not be paid and the authority to levy under subdivision 4 ceases.* The department of education shall reduce other aids due the district to recover ~~the entire~~ *an* amount *equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 and the aid that would have been paid if the revenue had been $50 times the pupil units served.* ~~The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been $50 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.~~

(b) If a district has failed to combine, the authority to levy for reorganization operating debt under section 122.531, subdivision 4a, and for severance pay or early retirement incentives under subdivision 15 ceases.

Sec. 16. Minnesota Statutes 1992, section 124.2727, is amended to read:

124.2727 [~~INTERMEDIATE~~ *SCHOOL* DISTRICT *COOPERATION* REVENUE.]

Subd. 6. [LEVY AUTHORITY.] (a) For fiscal years prior to fiscal year 1996, an intermediate school district may levy, as a single taxing district, according to this paragraph, an amount that may not exceed the greater of:

(1) five-sixths of the levy certified for special education and secondary vocational education for taxes payable in 1989; or

(2) the lesser of (i) $50 times the actual pupil units in each participating district for the fiscal year to which the levy is attributable, or (ii) 1.43 percent of the adjusted net tax capacity. The levy shall be certified according to section 275.07. Upon such certification, the county auditors shall levy and collect the levies and remit the proceeds of the levy to the intermediate school district. The levies shall not be included in computing the limitation upon the levy of any of the participating districts.

(b) Five-elevenths of the proceeds of the levy shall be used for special education. Six-elevenths of the proceeds of the levy shall be used for secondary vocational education.

(c) When a school district joins or withdraws from an intermediate school district after July 1, 1991, the department of education shall recalculate the levy certified for taxes payable in 1989, for the purpose of determining the levy amount authorized under paragraph (a), clause (1), to reflect the change in membership of the intermediate school district. The department shall recalculate the levy as though the intermediate school district had certified the maximum permitted levy for taxes payable in 1989.

This subdivision expires July 1, 1995.

Subd. 6a. [DISTRICT COOPERATION REVENUE.] *A district's cooperation revenue is equal to the greater of $50 times the actual pupil units or $25,000.*

Subd. 6b. [DISTRICT COOPERATION LEVY.] *To receive district cooperation revenue, a district may levy an amount equal to the district's cooperation revenue multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable to $3,500.*

Subd. 6c. [DISTRICT COOPERATION AID.] *A district's cooperation aid is the difference between its district cooperation revenue and its district cooperation levy. If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.*

Subd. 6d. [REVENUE USES.] *A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner. A district that is a*

member of an intermediate school district organized pursuant to chapter 136D may not access revenue under this section.

Subd. 7. [CERTIFICATES OF INDEBTEDNESS.] After a levy has been certified according to subdivision 6, an intermediate school board may issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Subd. 8. [ADDITIONAL LEVY AUTHORITY.] *A district other than intermediate school district No. 287 on July 1, 1993, may levy for taxes payable in 1995, $5 times the number of actual pupil units, for taxes payable in 1996, $9 times the number of actual pupil units, for taxes payable in 1997, $13 times the number of actual pupil units and for taxes payable in 1998 and thereafter, $17 times the number of actual pupil units in the district for the year for which the levy is attributable.*

(c) The levy revenue under this subdivision must be used according to subdivision 6d. Of the levy revenue under subdivision 8, paragraph (b), at least 55 percent must be spent on secondary vocational programs.

Sec. 17. Minnesota Statutes 1992, section 124.914, is amended by adding a subdivision to read:

Subd. 4. [1992 OPERATING DEBT.] *(a) Each year, a district that has filed a plan pursuant to section 121.917, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the greater of:*

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) $100,000.

This amount shall be reduced by referendum revenue authorized under section 124A.03 pursuant to the plan filed under section 121.917. 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 operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 122.531, subdivision 4a, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

(c) 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.

(d) 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. 18. [EDUCATION DISTRICT LEVY ADJUSTMENT FOR FISCAL YEAR 1994.]

Notwithstanding any other law to the contrary, a school district that certified a levy under Minnesota Statutes, section 124.2721, subdivision 3, in 1992 for taxes payable for 1993 may levy in 1993 for taxes payable in 1994 up to an amount equal to:

(1) the difference between $50 times the actual pupil units for fiscal year 1994 of the education district for which the school district belonged, and the amount of the education district levy calculated according to Minnesota Statutes, section 124.2721, subdivision 3, for fiscal year 1994, times

(2) the ratio of the adjusted net tax capacity of the school district to the adjusted net tax capacity of the education district.

The amount of the levy permitted under this section must be transferred to the education district board under Minnesota Statutes, section 124.2721, subdivision 3a.

Sec. 19. [REFERENDUM EXCEPTION.]

Notwithstanding Minnesota Statutes, section 122.243, subdivision 2, a referendum on the question of combination may be held in independent school district No. 893, Echo, any time after the state board approves its plan for cooperation and combination.

Sec. 20. [FIRST YEAR OF COOPERATION SPECIFIED.]

For the purpose of receiving additional cooperation and combination aid under Minnesota Statutes, section 124.2725, subdivision 6, the first year of cooperation for independent school district Nos. 918, Chandler-Lake Wilson, and 504, Slayton, is fiscal year 1993.

Sec. 21. [VERDI DISSOLUTION; REFERENDUM REVENUE.]

Notwithstanding Minnesota Statutes, section 122.531, subdivision 2, as of the effective date of the dissolution of independent school district No. 408, Verdi, and the attachment of part of its territory to independent school district No. 404, Lake Benton, the authorization for all referendum revenues previously approved by the voters of school district No. 404, Lake Benton, is the tax rate times the net tax capacity of the enlarged independent school district No. 404. Any new referendum revenue is authorized only after approval is granted by the voters of the entire enlarged district in an election under Minnesota Statutes, section 124A.03, subdivision 2.

Sec. 22. [LAKE BENTON, PIPESTONE AGREEMENT.]

(a) The school board and exclusive bargaining representative of the teachers in independent school districts No. 404, Lake Benton, and No. 583, Pipestone, may negotiate a plan to assign to district No. 583 up to 1.2 FTE positions of the teachers in district No. 404, for up to five years following the dissolution of independent school district No. 408, Verdi. A teacher in district No. 583 who is placed on unrequested leave of absence may not assert reinstatement, realignment, or bumping rights to those 1.2 FTE positions.

(b) Paragraph (a) applies to employment agreements amended, renewed, or entered into after the effective date of this section.

Sec. 23. [LAC QUI PARLE VALLEY DISTRICT NO. 6011.]

Independent school districts that belong to joint powers district No. 6011, Lac qui Parle Valley, may use cooperation and combination revenue received

under Minnesota Statutes, section 124.2725, for expenses specified in Minnesota Statutes, section 124.2725, subdivision 11, that were incurred in the process of establishing or operating the cooperative secondary facility operated by joint powers district No. 6011, Lac qui Parle Valley, before cooperation and combination revenue was received.

Sec. 24. [ALTERNATIVE REFERENDUM COMBINATION METHOD.]

Subdivision 1. [ALTERNATIVE METHOD.] *Notwithstanding Minnesota Statutes, sections 122.247, subdivision 1, and 122.531, if independent school district No. 233, Preston-Fountain, and No. 228, Harmony, consolidate effective July 1, 1995, the referendum revenue authorization for the new district created by that consolidation may be any local tax rate that would raise an amount for the first year that does not exceed the combined dollar amount of the referendum revenues authorized by each of the component districts for fiscal year 1995.*

Subd. 2. [INCLUDE REFERENDUM AUTHORIZATION IN COMBINATION PLAN.] *(a) Referendum revenue authorization may be calculated under subdivision 1 only if:*

(1) independent school district No. 233, Preston-Fountain and No. 228, Harmony, specify the dollar amount of the referendum revenue authority for the consolidated district and the number of years that the referendum revenue authorization is in effect in the cooperation and combination plan adopted under Minnesota Statutes, section 122.242; and

(2) the referendum information in clause (1) is included in the summary of the plan that is published in the official newspaper of each district under Minnesota Statutes, section 122.242, subdivision 1.

(b) If the dollar amount of referendum revenue authority required under paragraph (a), clause (1), is not available at the time the cooperation and combination plan is submitted to the department of education, the districts may use an estimate calculated by the department.

Sec. 25. [EDUCATION DELIVERY SERVICE PLANNING AND REVIEW.]

Subdivision 1. [EDUCATION DELIVERY SERVICE PLANNING PROCESS.] *Each school district must submit a plan for the delivery of education programs and services within the new education delivery system required under Laws 1992, chapter 499, article 6, section 33, subdivision 4, to the commissioner of education by August 1, 1993. A group of districts may submit a joint plan. The commissioner shall submit the plans to the review panel established under subdivision 2.*

Subd. 2. [REVIEW PANEL.] *A panel is established to review each of the plans submitted to the commissioner under subdivision 1 and make recommendations to the legislature concerning the design and implementation of a preK-12 and community education service delivery system.*

Subd. 3. [MEMBERSHIP OF THE PANEL.] *The review panel established under subdivision 2 shall consist of nine members:*

(1) the commissioner of education or a designee appointed by the commissioner;

(2) one representative of the Minnesota association of school administrators;

(3) one representative of the Minnesota federation of teachers;

(4) one representative of the Minnesota education association;

(5) one representative of the Minnesota school boards association;

(6) one representative of the Minnesota business partnership; and

(7) one school principal jointly agreed on by the Minnesota association of secondary school principals and the Minnesota elementary school principals association.

Two members of the legislature shall be appointed to the review panel. The subcommittee on committees of the committee on rules and administration of the senate shall appoint one member of the senate. The speaker of the house of representatives shall appoint one member of the house.

Subd. 4. [REVIEW PANEL SELECTION PROCESS.] *To determine who shall serve as a representative of each organization listed in subdivision 3, clauses (2) to (7), each organization shall submit the names of three individuals for each representative the organization shall have on the panel to the co-chairs of the education committee of the senate, the chair of the house education committee, and the chair of the house K-12 education finance division. Each of the three individuals must represent a different geographic area of the state. The house and senate chairs shall jointly select one of the three names for each representative submitted by each organization to serve on the review panel. The chairs must consider geographic balance when selecting the representatives.*

Subd. 5. [REVIEW PANEL RESPONSIBILITIES.] *The review panel shall submit a summary of the school district plans received from the commissioner under subdivision 1 and recommendations on the following items to the legislature by January 15, 1994:*

(1) the services that should be provided by each of the three components of the education service delivery system that is described in Laws 1992, chapter 499, article 6, section 33, subdivision 3: the school district, the area education organization, and the central and regional delivery centers of the department of education;

(2) the optimal number of school districts and pupils that an area education organization should serve;

(3) the boundaries of area education organizations;

(4) a funding mechanism for providing services through the area education organization;

(5) the role of the school district, the area education organization, and the central and regional centers of the department in ensuring that health and other social services necessary to maximize a pupil's ability to learn are provided to pupils; and

(6) the optimal process for implementing the new preK-12 and community education service delivery system by July 1, 1995.

The review panel shall also consider how services such as special education, vocational education, technology applications, joint purchasing, and management information are provided to multiple school districts through joint powers agreements under Minnesota Statutes, section 471.59.

Subd. 6. [EXPENSES AND REIMBURSEMENTS.] *Members of the review panel shall be reimbursed for expenses as provided under Minnesota Statutes, section 15.059, subdivision 3. Members of the panel shall not receive any per diem payments.*

Subd. 7. [STAFF ASSISTANCE.] *The education committees of the legislature and the department of education shall provide staff assistance to the review panel.*

Sec. 26. [DIRECT REPORTING PILOT SITES.]

Notwithstanding sections 121.935 and 121.936, the department of education may designate six local education agencies as pilot sites to demonstrate the implementation of direct reporting of uniform financial accounting and reporting standards (UFARS) data elements as well as staff and student essential data elements. The department shall specify the criteria for local education agency participation and for vendor system data and edit requirements utilized in the pilot.

Sec. 27. [REORGANIZATION OPERATING DEBT LEVY IN TAYLORS FALLS-CHISAGO LAKES COMBINATION.]

Notwithstanding Minnesota Statutes 1992, section 122.531, subdivision 4a, or any other law to the contrary, any reorganization operating debt levy contained in the approved cooperation and combination plan for independent school district No. 140, Taylors Falls, and independent school district No. 141, Chisago Lakes, may be certified over a period of seven years.

Sec. 28. [RETIRED EMPLOYEE HEALTH BENEFITS LEVY.]

Subdivision 1. Notwithstanding any other law to the contrary, in the consolidated school district consisting in whole or in part of former independent school district No. 692, Babbitt, and independent school district No. 710, St. Louis county, any amount levied under section 124.916, subdivision 2, or any other law to pay the health insurance or unreimbursed medical expenses of retirees of the former independent school district No. 692, may only be certified and spread on property which was taxable in the former independent school district No. 692.

Subd. 2. Any reduction in the levy of the consolidated school district consisting in whole or in part of former independent school district No. 692 and independent school district No. 710 under section 124.918, subdivision 8, must be applied first to the levy in subdivision 1 and then to any remaining levy as provided under section 124.918, subdivision 8.

Sec. 29. [INTERMEDIATE GOVERNANCE STRUCTURE AND TRANSITION.]

Subdivision 1. [PLAN.] *School districts, based on the planning process required under Laws 1992, chapter 499, article 6, section 33, may either purchase goods and services through informal cooperative arrangements or may enter into agreements through Minnesota Statutes, section 471.59, to act cooperatively.*

Subd. 2. [TRANSITION.] *Any unresolved disputes regarding the allocation of assets and liabilities resulting from the repeal of the enabling legislation for various entities by Laws 1992, chapter 499, article 6, section 39, subdivision 3, as amended by Laws 1992, chapter 603, section 10, and not governed by the applicable agreement or enabling legislation for that entity may be appealed by any party to the dispute to the commissioner of education. The determination of the commissioner shall be final and binding.*

Sec. 30. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.*

Subd. 2. [COOPERATION AND COMBINATION AID.] *For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:*

$3,516,000 1994

$3,979,000 1995

The 1994 appropriation includes $591,000 for 1993 and $2,925,000 for 1994.

The 1995 appropriation includes $516,000 for 1994 and $3,463,000 for 1995.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *(a) For educational cooperative service units:*

$733,000 1994

$110,000 1995

The 1994 appropriation includes $110,000 for fiscal year 1993 and $623,000 for fiscal year 1994.

The 1995 appropriation includes $110,000 for 1994.

(b) Money from this appropriation may be transmitted to ECSU boards of directors for general operations in amounts of up to $66,700 per ECSU for fiscal year 1994. The ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight may receive up to $133,400 for fiscal year 1994.

(c) Before releasing money to the ECSUs, the department of education shall ensure that the annual plan of each ECSU explicitly addresses the specific educational services that can be better provided by an ECSU than by a member district. The annual plan must include methods to increase direct services to school districts in cooperation with the state department of education. The department may withhold all or a part of the money for an ECSU if the department determines that the ECSU has not been providing services according to its annual plan.

Subd. 4. [MANAGEMENT INFORMATION CENTERS.] *For management information subsidies:*

$3,275,000 1994

$356,000 in fiscal year 1994 is for software support of the ESV information system.

Subd. 5. [SECONDARY VOCATIONAL COOPERATION AID.] *For secondary vocational cooperative aid according to Minnesota Statutes, section 124.575:*

$142,000 1994

$ 24,000 1995

The 1994 appropriation includes -$0- for 1993 and $142,000 for 1994.

The 1995 appropriation includes $24,000 for 1994.

Subd. 6. [DISTRICT COOPERATION REVENUE.] *For cooperation revenue according to section 16:*

$7,960,000 1995

The 1995 appropriation is based on an entitlement of $9,364,000 for fiscal year 1995.

Subd. 7. [MOUNTAIN IRON-BUHL SCHOOL DISTRICT.] *For independent school district No. 712, Mountain Iron-Buhl:*

$75,000 1994

$75,000 1995

Sec. 31. [LEGISLATIVE COORDINATING COMMISSION.]

$15,000 is appropriated in fiscal year 1994 from the general fund to the legislative coordinating commission to reimburse the expenses of the review panel under the education delivery service planning and review as provided in section 25.

Sec. 32. [REPEALER.]

Minnesota Statutes 1992, sections 124.2721; 124.2725, subdivision 8; and 124.575, subdivisions 2 and 4; 124.912, subdivisions 4 and 5, are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 3 and 8 are effective July 1, 1994. Section 28, subdivisions 1 and 2, are effective for taxes payable in 1994 and thereafter.

Sections 7, 13, 19, and 22 are effective the day following final enactment.

ARTICLE 7

COMMITMENT TO EXCELLENCE

Section 1. [PURPOSE.]

The purpose of this article is to implement the mission of public education in Minnesota as stated below through innovation and systemic restructuring.

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a

climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners.

Sec. 2. [121.602] [EDUCATIONAL EFFECTIVENESS PROGRAM.]

Subdivision 1. [PROGRAM OUTCOMES.] *The outcomes of the educational effectiveness program are to:*

(1) increase meaningful parental involvement in site-based decision making;

(2) improve results-oriented instructional processes;

(3) create flexible school-based organizational structures; and

(4) improve student achievement.

Subd. 2. [ADVISORY TASK FORCE; PROGRAM IMPLEMENTATION.] *The commissioner of education shall develop and maintain a program of educational effectiveness and results-oriented instruction. The commissioner may appoint an advisory task force to assist the department of education in developing an implementation program for providing staff development to school district staff in educational effectiveness. The program shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The program shall take into account the diverse needs of the school districts due to such factors as district size and location.*

Subd. 3. [EVALUATION AND REPORT.] *The commissioner shall annually provide for independent evaluation of the effectiveness of this section. The evaluation shall measure the extent to which the outcomes defined in subdivision 1 are met and the cost effectiveness of any funding for the program. The evaluation shall also determine to what extent the program has a measurable impact on student achievement at the site level.*

Subd. 4. [EDUCATIONAL EFFECTIVENESS STAFF DEVELOPMENT.] *The department of education shall provide assistance to the school districts in implementing an educational effectiveness program. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. The department shall evaluate the performance of the service providers. The staff development shall be facilitated by building level decision-making teams. The staff development shall include clarification of individual school missions, goals, expectations, enhancement of collaborative planning and collegial relationships among the building staff, improvement of curriculum, assessment, instructional and organizational skills, improvement of financial and management skills, and planning of other staff development programs.*

Subd. 5. [SCHOOL IMPROVEMENT INCENTIVE GRANTS.] *The state board of education shall develop criteria to provide school improvement incentive grants to schools sites. The criteria must include the extent to which a site has implemented the characteristics of the educational effectiveness program and demonstrated improvement in student achievement of education outcomes. Notwithstanding any law to the contrary, the grant must remain under the control of the site decision-making team or principal at the site and may be used for any purpose determined by the team. A school board may not*

reduce other funding otherwise due the site. A grant may not exceed $60,000 per site in any fiscal year.

Sec. 3. Minnesota Statutes 1992, section 121.612, subdivision 2, is amended to read:

Subd. 2. [CREATION OF FOUNDATION.] There is created the Minnesota academic excellence foundation. The purpose of the foundation shall be to promote academic excellence in Minnesota public and nonpublic schools *and communities* through public-private partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and foundation activities are under the direction of the state board of education.

Sec. 4. Minnesota Statutes 1992, section 121.612, subdivision 4, is amended to read:

Subd. 4. [FOUNDATION PROGRAMS.] The foundation may develop programs that advance the concept of educational excellence. These may include, but are not limited to:

(a) recognition programs and awards for students demonstrating academic excellence;

(b) summer institute programs for students with special talents;

(c) recognition programs for teachers, administrators, and others who contribute to academic excellence;

(d) summer mentorship programs with business and industry for students with special career interests and high academic achievements;

(e) governor's awards ceremonies *and special campaigns* to promote *awareness and expectation for* academic ~~competition~~ *achievement*; ~~and~~

(f) an academic league to provide organized challenges requiring cooperation and competition for public and nonpublic pupils in elementary and secondary schools*;*

(g) systemic transformation initiatives and assistance and training to community teams to increase school performance in the state's education institutions through strategic quality planning for continuous improvement, empowerment of multiple stakeholders, validation of results via customer-supplier relationships, and a total system approach based on best practices in key process areas; and

(h) activities to measure customer satisfaction for delivery of services to education institutions in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 5. [121.919] [FINANCIAL MANAGEMENT ASSISTANCE AND TRAINING TO SCHOOL DISTRICTS AND SCHOOL SITES.]

The department of education shall make available to school districts and individual school sites assistance and training in financial management. The assistance and training shall be in at least the following areas:

(1) provision of an updated uniform financial and reporting system manual

in both hard copy and computerized form which will be applicable to both the school district and to a school site under site-based management;

(2) regularly scheduled training and assistance in accounting and financial operations, and special assistance as requested;

(3) long-term financial planning, including that involved with district reorganization;

(4) district and school level expenditure and revenue budgeting and other fiscal and organizational requirements, including that under site-based management;

(5) assistance with school, district, and regional capital budget planning; and

(6) the development of a model reporting system for school sites for resource use and outcome achievement. The model shall include characteristics about the student population, staffing levels, and achievement results attributable to the instructional and organizational structure of the school site.

Sec. 6. Minnesota Statutes 1992, section 123.33, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL BOARD MEMBER TRAINING.] *A member must receive training in school finance and management developed in consultation with the Minnesota school boards association and consistent with section 9. The school boards association shall make available to each newly-elected school board member training in school finance and management consistent with section 9 within 180 days of that member taking office. The program shall be developed in consultation with the department of education and appropriate representatives of higher education.*

Sec. 7. Minnesota Statutes 1992, section 123.951, is amended to read:

123.951 [SCHOOL SITE ~~MANAGEMENT~~ *DECISION-MAKING* AGREEMENT.]

(a) A school board may enter into an agreement with a school site ~~management~~ *decision-making* team concerning the governance, management, or control of any school in the district. Upon a written request from a proposed school site ~~management~~ *decision-making* team, an initial school site ~~management~~ *decision-making* team shall be appointed by the school board and may include the school principal, representatives of teachers in the school, representatives of other employees in the school, representatives of parents of pupils in the school, representatives of pupils in the school, representatives of other members in the community, or others determined appropriate by the board. The school site ~~management~~ *decision-making* team shall include the school principal or other person having general control and supervision of the school.

(b) School site ~~management~~ *decision-making* agreements must ~~focus on creating management~~ *delegate powers and duties to site* teams and ~~in involving~~ *involve* staff members, *students as appropriate, and parents* in decision making.

(c) An agreement may include:

(1) ~~a strategic plan for districtwide decentralization of resources developed through staff participation;~~ *a mechanism to implement flexible support systems for improvement in student achievement of education outcomes;*

(2) a decision-making structure that allows teachers to identify *instructional* problems and *control and apply* the resources needed to solve them; ~~and~~

(3) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how *financial and personnel* resources are best allocated ~~and to act as advocates for additional resources on behalf of the entire school~~ *at the site and from whom goods or services are purchased;*

(4) a mechanism to implement parental involvement programs under section 126.69 and to provide for effective parental communication and feedback on this involvement at the site level;~~.~~

(5) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(6) a provision that would allow teachers to choose the principal or other person having general control;

(7) direct contact with other social service providers;

(8) inservice training for site decision-making team members for financial management of school sites; and

(9) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (5) and (6).

(d) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(e) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

Sec. 8. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67, *121.585* or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 9. Minnesota Statutes 1992, section 124.195, subdivision 10, is amended to read:

Subd. 10. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at *90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and* 85 percent *for other districts* 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. 10. Minnesota Statutes 1992, 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 (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of *15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and* 12-1/2 percent per year *for other districts* 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 169.01, subdivision 6, paragraph (c), 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) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

(4) Desegregation transportation is transportation during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted FTE pupils transported in the regular and excess categories in the base year.

(h) "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.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "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.

(k) "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.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's transported in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 11. Minnesota Statutes 1992, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to *15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and* 12-1/2 percent *per year for other districts* of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the district's transportation revenue under subdivision 7d.

Sec. 12. Minnesota Statutes 1992, section 124.91, subdivision 5, is amended to read:

Subd. 5. [INTERACTIVE TELEVISION.] *(a)* A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may ~~levy~~ *apply to the commissioner of education for ITV revenue* up to the greater of .5 percent of the adjusted net tax capacity of the district or ~~$20,000~~ *$25,000* for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the ~~levy authority~~ *revenue* in this subdivision. *In granting the approval, the commis-*

sioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year prior to the year the levy is certified; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

Sec. 13. Minnesota Statutes 1992, section 124.912, is amended by adding a subdivision to read:

Subd. 8. [OUTPLACEMENT LEVY.] *Upon the recommendation of a school's mentoring team, a school district may levy the amounts necessary to pay the cost of outplacement services for licensed teachers, including counseling and job search costs.*

Sec. 14. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, AND ~~VIOLENCE PREVENTION~~ PARENTAL INVOLVEMENT ~~PROGRAMS~~ *REVENUE.*] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to ~~$15~~ *one percent in fiscal year 1994, two percent in fiscal year 1995, and thereafter times the formula allowance* times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for ~~violence prevention~~ programs under section 126.77, subdivision 2, *challenging instructional activities and experiences* or staff development programs, ~~including outcome-based education,~~ *for the purpose of improving student achievement of education outcomes* under section 126.70, subdivisions 1 and 2a. ~~The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.~~ *The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.*

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to $1 of the $5 times the number of actual pupil units for promoting parental involvement in the PER process.

Sec. 15. Minnesota Statutes 1992, section 124A.291, is amended to read:

124A.291 [RESERVED REVENUE FOR ~~CAREER~~ *CERTAIN* TEACHER PROGRAM.]

A district that has a career teacher program *or a mentor-teacher program* may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, ~~according to section 124.276,~~ of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 16. [124A.292] [STAFF DEVELOPMENT INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] *A school site is eligible for revenue under this section if it has implemented an outplacement program on an ongoing basis to counsel staff and has implemented a program according to section 125.231.*

Subd. 2. [REVENUE.] *Staff development incentive revenue is equal to the number of teachers at the site times $25.*

Subd. 3. [STAFF DEVELOPMENT LEVY.] *A district's levy equals its revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.*

Subd. 4. [STAFF DEVELOPMENT AID.] *A district's aid equals its revenue minus its levy times the ratio of the actual amount levied to the permitted levy.*

Subd. 5. [USE.] *The revenue must be used at the site for staff development purposes.*

Sec. 17. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in kindergarten, elementary, secondary, or special education programs.

~~(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure specific skills.~~

Sec. 18. Minnesota Statutes 1992, section 125.138, is amended to read:

125.138 [FACULTY EXCHANGE *AND TEMPORARY ASSIGNMENT* PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A program of faculty ~~exchange is~~ *collaboration shall be* established to allow school districts and post-secondary institutions to arrange temporary ~~exchanges between members of their instructional staffs~~ *placements in each other's institutions*. These arrangements must be made on a voluntary cooperative basis between a school district and post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur among campuses in the same system or in different systems.

Subd. 2. [USES OF PROGRAM.] Each participating school district and post-secondary institution may determine the way in which the ~~instructional~~ staff member's time is to be used, but it must be in a way that promotes understanding of the needs of each educational system or institution. For example, a public school ~~teacher~~ *educator* may teach courses, provide counseling and tutorial services, assist with the preparation of future ~~teachers~~ *educators*, or take professional development courses. A post-secondary teacher might teach ~~advanced placement~~ courses ~~or other classes to aid an underserved population~~ at the school district, counsel students ~~about future educational plans~~, or work ~~with teachers to better prepare students for post-secondary education~~ *in school administration*. Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.

Subd. 3. [SALARIES; BENEFITS; CERTIFICATION.] ~~Exchanges~~ *Temporary placements* made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding sections 123.35, subdivision 6, and 125.04, a member of the ~~instructional~~ staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed ~~teacher~~ *educator* employed by a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary ~~instructional staff member~~ *educator* to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by each participating school district and post-secondary institution before implementation.

Subd. 4. [EDUCATORS' EMPLOYMENT; CONTINUATION.] *An educator who held a temporary position or an exchanged position under section 125.138 shall be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan shall not be reduced because of time spent on an exchange or temporary position under section 125.138.*

Subd. 5. [ENTITLEMENT TO BENEFITS AND POSITION.] *An educator who is continued in or restored to a position in accordance with subdivision 4:*

(1) shall be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Subd. 6. [GRANTS.] *The department of education shall award grants to public post-secondary teacher preparation programs and school districts that collaborate on staff exchanges or temporary placements. One institution must be identified as the fiscal agent for the grant.*

Subd. 7. [PURPOSE OF THE GRANTS.] *School districts and post-secondary institutions are encouraged to collaborate by allowing educators to exchange positions, team teach, or hold temporary positions of no longer than one academic year in the other's institutions. No loss of salary or benefits shall occur. Grants shall be used to ensure no loss of status, retirement, and insurance benefits.*

Subd. 8. [APPLICATION PROCESS.] *The department of education shall develop and publicize the process by which school districts, the University of Minnesota and its campuses, and the state universities which have teacher and administrator preparation programs may apply for grants.*

Subd. 9. [CRITERIA.] *The department of education shall evaluate proposals using the following criteria:*

(1) evidence of collaborative arrangements between post-secondary educators and early childhood through grade 12 educators;

(2) evidence that outstanding early childhood through grade 12 educators will be involved in post-secondary classes and programs, including presentations, discussions, teaming, and responsibility for teaching some post-secondary courses;

(3) evidence that post-secondary educators will have direct experience working in a classroom or school district, including presentations, discussions, teaming, and responsibility for teaching some early childhood through grade 12 classes; and

(4) evidence of adequate financial support from employing and receiving institutions.

Subd. 10. [EVALUATION.] *The department of education shall evaluate the results of the grants provided under subdivision 6 and make recommendations to the legislature and governor regarding future funding in the 1995 biennial budget document.*

Subd. 11. [GRANT LIMITATIONS; PROPOSALS.] *All grants shall be for salary and benefit costs beyond those normally covered by each of the institutions involved in the exchange or temporary assignment. Staff exchanging positions or placed in temporary assignments shall not suffer loss of salary, benefits, or retirement benefits. A grant from the department of education shall cover 50 percent of the excess costs with the remainder of the excess costs shared equally by the school district and the post-secondary institution.*

Sec. 19. [125.178] [ELEMENTARY PREPARATION TIME.]

The school board and the exclusive representative of the teachers may negotiate an agreement to provide daily preparation time for elementary school teachers. Failing to successfully negotiate such an agreement, provisions of Minnesota Rules, part 3500.1400, subpart 3, apply.

Sec. 20. [125.230] [TEACHING RESIDENCY PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *A school district with a teaching residency plan approved by the board of teaching may hire graduates of approved Minnesota teacher preparation programs as teaching residents. A district shall employ each resident for one school year. The district and the resident may agree to extend the residency for one additional school year. A school may employ no more than one teaching resident for every eight full-time equivalent licensed teachers. No more than 600 eligible teachers may be employed as teacher residents in any one school year.*

Subd. 2. [TEACHER ELIGIBILITY.] *Persons eligible to be hired as teaching residents must have received their initial license no more than two years prior to applying for a residency and must have less than nine months of full-time equivalency teaching experience as a licensed teacher.*

Subd. 3. [PROGRAM COMPONENTS.] *In order to be approved by the board of teaching, a school district's residency program must at minimum include:*

(1) training to prepare teachers to serve as mentors to teaching residents;

(2) a team mentorship approach to expose teaching residents to a variety of teaching methods, philosophies, and classroom environments;

(3) ongoing peer coaching and assessment;

(4) assistance to the teaching resident in preparing an individual professional development plan that includes goals, activities, and assessment methodologies; and

(5) involvement of resource persons from higher education institutions, career teachers, and other community experts to provide local or regional professional development seminars or other structured learning experiences for teaching residents.

A teaching resident shall not be given direct classroom supervision responsibilities that exceed 80 percent of the instructional time required of a full-time equivalent teacher in the district. During the remaining time, a teaching resident shall participate in professional development activities according to the individual plan developed by the resident in conjunction with the school's mentoring team.

Subd. 4. [EMPLOYMENT CONDITIONS.] *A school district shall pay a teaching resident a salary equal to 75 percent of the statewide average salary of a first-year teacher with a bachelor's degree. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district shall provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.*

Subd. 5. [APPLIES TOWARD PROBATIONARY PERIOD.] *A teaching residency shall count as one year of a teacher's probationary period under section 125.12, subdivision 3, or section 125.17, subdivision 2. A residency extended for one year shall not count as an additional year under this subdivision.*

Subd. 6. [LEARNING AND DEVELOPMENT REVENUE ELIGIBILITY.] *A school district with an approved teaching residency program may use learning and development revenue for each teaching resident in kindergarten*

through grade six. A district also may use the revenue for a paraprofessional who is a person of color enrolled in an approved teacher preparation program. A school district shall not use a teaching resident to replace an existing teaching position.

Subd. 7. [RECOMMENDATION FOR LICENSURE REQUIREMENTS.] *(a) The board of teaching shall develop for teachers of students in pre-K through grade 12, model teaching residency outcomes and assessments, and mentoring programs.*

(b) The board of teaching shall report to the education committees of the legislature by February 15, 1994, on developing a residency program as part of teacher licensure. The report shall at least discuss:

(1) whether a teacher residency program should be a prerequisite to obtaining an initial teaching license or a continuing teacher license;

(2) the number of teacher residency positions available statewide by school district;

(3) how a teacher residency program and a mentorship program for school teachers can be structured;

(4) whether additional state funding for teacher residency programs is required;

(5) the interrelationship between existing teacher preparation programs and a teacher residency program;

(6) issues related to implementing a teacher residency program, including a timeline for implementing the program; and

(7) how a teacher residency program may impact upon a teacher licensed in another state who seeks a teaching position in Minnesota.

Sec. 21. Minnesota Statutes 1992, section 125.231, is amended to read:

125.231 [TEACHER ~~ASSISTANCE THROUGH~~ MENTORSHIP ~~PROGRAM~~.]

Subdivision 1. [TEACHER MENTORING ~~PROGRAM~~ *PROGRAMS*.] School districts are encouraged to ~~participate in a competitive grant program that explores~~ *develop* teacher mentoring programs for teachers new to the profession or district, ~~or for~~ *including teaching residents,* teachers with special needs, *or experienced teachers in need of peer coaching.*

Subd. 2. [TEACHER MENTORING TASK FORCE.] The ~~commissioner~~ *board of teaching* shall appoint and work with a teacher mentoring task force including representatives of the two teachers unions, the two principals organizations, school boards association, administrators association, ~~board of teaching~~ *department of education*, parent teacher association, post-secondary institutions, foundations, and the private sector. Representation on the task force by populations of color shall reflect the proportion of people of color in the public schools.

The task force shall:

(1) develop the application forms, criteria, and procedures for ~~the~~ *grants for* mentorship ~~program~~ *programs*;

(2) select sites to receive *mentorship* grant funding; and

(3) provide ongoing support and direction for *mentorship* program implementation *in school districts, including those that do not receive mentorship grants.*

Subd. 3. [APPLICATIONS.] The ~~commissioner of education~~ *board of teaching* shall make application forms available to sites interested in developing or expanding a mentorship program. A school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. The ~~commissioner~~ *board of teaching*, in consultation with the teacher mentoring task force, shall approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring components, include a variety of coalitions and be geographically distributed throughout the state. The ~~commissioner of education~~ *board of teaching* shall encourage the selected sites to consider the use of ~~the~~ *its* assessment procedures ~~developed by the board of teaching~~.

Subd. 4. [CRITERIA FOR SELECTION.] At a minimum, applicants must express commitment to:

(1) allow staff participation;

(2) assess skills of both beginning and mentor teachers;

(3) provide appropriate in-service to needs identified in the assessment;

(4) provide leadership to the effort;

(5) cooperate with higher education institutions;

(6) provide facilities and other resources; and

(7) share findings, materials, and techniques with other school districts.

Subd. 5. [ADDITIONAL FUNDING.] Applicants are required to seek additional funding and assistance from sources such as school districts, post-secondary institutions, foundations, and the private sector.

Subd. 7. [PROGRAM IMPLEMENTATION.] New and expanding mentorship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The ~~department of education~~ *board of teaching* must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate ~~in some activities and services~~. Fees may be charged for meals, materials, and the like.

Sec. 22. [126.019] [SCHOOL RESTRUCTURING PROGRAM.]

Subdivision 1. [LEVY AUTHORITY.] *(a) The purpose of school district restructuring pilots is to examine practices and organizational structure for improvement of student achievement of education outcomes through site decision-making. A school district may submit an application to the department of education for school district restructuring levy authority. The authority may be for up to $50 times the number of actual pupil units at the site. The levy is available for the fiscal year for which the pilot receives approval and for the subsequent four years. A district need only apply once for*

this authority. The actual amount of levy authority given shall depend on the level of power and control delegated to a site under section 123.951. The state board, upon consultation of the education chairs of the legislature, shall determine criteria for measuring this level and allocating the appropriate levy authority. The criteria may include a provision that would allow the site decision-making team to request waivers from the master contract between the school board and the collective bargaining representative in the district. Notwithstanding any law to the contrary, the state board of education and the state board of teaching may grant waivers that would apply only to a single site within the district from any board rule. The levy authority may be increased or decreased by the state board if a district changes implementation of this section. Revenue from the levy must be under the control of local site decision-making team and may be used for any purpose determined by the team. All information about education achievement and effective reduction in elementary learner-instructor ratios at the school site must be made available to the public. Each school board must communicate the availability of this authority to each school site in the district.

(b) The local levy shall be matched dollar for dollar with state aid. The commissioner shall not approve total levy authority in excess of available state appropriations.

Subd. 2. [REPORT.] *The state board shall report on the implementation of this section and learning improvement results to the education committees of the legislature on February 1 of each year. The board shall also develop model reporting forms for districts to use to report to local communities. The board shall develop these forms in consultation with the department and the chairs of the education committees of the legislature.*

Sec. 23. Minnesota Statutes 1992, section 126.22, subdivision 8, is amended to read:

Subd. 8. [ENROLLMENT VERIFICATION.] *(a)* For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department of education shall pay 88 percent of the basic revenue of the district to the eligible program and 12 percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment 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.

(b) The department of education shall pay up to 100 percent of the basic revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 24. Minnesota Statutes 1992, section 126.70, is amended to read:

126.70 [STAFF DEVELOPMENT ~~PLAN~~ *PROGRAM.*]

Subdivision 1. [~~ELIGIBILITY FOR REVENUE~~ *STAFF DEVELOPMENT COMMITTEE.*] A school board ~~may~~ *shall* use the revenue authorized in

section 124A.29 for in-service education for ~~violence prevention~~ programs under section 126.77, subdivision 2, or ~~if it establishes a staff development advisory committee and adopts a~~ *for* staff development plan under this subdivision. *The board must establish a staff development committee to develop the plan, advise a site decision-making team about the plan, and evaluate staff development efforts at the site level.* A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include parents and administrators. ~~The advisory committee shall develop a staff development plan that includes related expenditures and shall submit the plan to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in section 124A.29.~~ Districts ~~must submit approved plans~~ *shall report staff development results* to the commissioner *in the form and manner determined by the commissioner.*

Subd. 2. [CONTENTS OF THE PLAN.] The plan ~~may~~ *must* include:

~~(1) procedures the district will use to analyze education needs;~~

~~(2) methods for integrating education needs with in-service and curricular efforts already in progress;~~

~~(3)~~ education ~~goals and~~ *outcomes under subdivision 2a,* the means to achieve the ~~goals;~~ *outcomes* and

~~(4)~~ procedures for evaluating progress *at each school site* toward meeting education ~~needs and goals~~ *outcomes.*

Subd. 2a. [~~PERMITTED USES~~ *STAFF DEVELOPMENT OUTCOMES.*] ~~A school board may approve a~~ *(a) The staff development committee shall adopt a staff development* plan ~~to accomplish any of the following purposes~~ *for the improvement of student achievement of education outcomes. The plan must be consistent with education outcomes determined by the school board. The plan shall include the following outcomes:*

(1) foster readiness for learning;

(2) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs;

(3) develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education;

(4) design and develop programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources;

(5) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;

(6) provide staff time *or mentorship oversight* for peer review of probationary, continuing contract, and nonprobationary teachers;

(7) train elementary and secondary staff to help students learn to resolve conflicts in effective, nonviolent ways; ~~and~~

(8) encourage staff to teach and model violence prevention policy and curricula that address issues of sexual and racial harassment; *and*

(9) teach elementary and secondary staff to effectively meet the needs of children with disabilities within the regular classroom setting.

(b) If a school board approves a plan to accomplish any of the purposes listed in paragraph (a), it must also provide challenging instructional activities and experiences that recognize and cultivate students' advanced abilities and talents.

Sec. 25. [SUPERVISORY LICENSURE.]

All administrative and supervisory licensure rules adopted or amended by the state board of education must include outcomes relating to financial management practices of school districts and buildings.

Sec. 26. [TEACHER COMPENSATION TASK FORCE.]

Subdivision 1. [ESTABLISHED.] *A teacher compensation task force is established under the state board of education. The board shall initially organize the task force and prepare any reports to the legislature. The department of education shall assist the board as required.*

Subd. 2. [MEMBERSHIP.] *The task force shall consist of the following members:*

One member each representing:

(1) the state board of education;

(2) the Minnesota business partnership;

(3) school principals;

(4) Minnesota association of school administrators;

(5) a parent of a student with disabilities;

(6) Minnesota congress of parents, teachers, and students; and

(7) the bureau of mediation services.

Three members representing the Minnesota school boards association and two members each representing the Minnesota education association and the Minnesota federation of teachers.

Subd. 3. [PURPOSE AND DUTIES.] *The purpose of the task force is to study and recommend alternatives to a teacher compensation system based on training and experience to one that may include compensation based on knowledge, skills, responsibilities, or other considerations. Specifically, the task force must identify the knowledge, skills, and abilities needed by teachers to:*

(1) identify, communicate, and measure outcomes at a school site;

(2) improve educational instruction to achieve expected outcomes at a school site;

(3) evaluate peers and make other related personnel decisions at a school site;

(4) manage organizational and financial needs at a school site;

(5) undertake duties that would lead to the improvement in the achievement of educational outcomes at either the district level or the school site; and

(6) identify personal staff development and educational needs to help students in achieving the student's educational outcomes.

The task force shall make a preliminary report on February 1, 1994, and a final report on February 1, 1995, to the education committees of the legislature.

Sec. 27. [GRADUATION RULE ACCELERATION.]

$5,188,000 in fiscal year 1994 and $5,188,000 in fiscal year 1995 is appropriated to the department of education for accelerated development of the state board of education high school graduation rule. Of this amount, $5,000,000 each year is from the general fund and $188,000 each year is from the special revenue fund. The appropriation is to be used to fund assessment and standards pilot sites; to broaden public understanding of the rule through local public meeting and focus groups, citizens forums, and other general communication; to continue development of curriculum frameworks; for ongoing statewide assessment efforts; and to develop system performance standards. The appropriation from the special revenue fund may be used for development efforts in health-related outcomes. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of the development areas.

Sec. 28. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [AREA LEARNING CENTER GRANTS.] *For grants to area learning centers:*

$150,000 1994

$150,000 1995

Subd. 3. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] *For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:*

$300,000 1994

$300,000 1995

Subd. 4. [NSF MATH-SCIENCE SYSTEMIC INITIATIVE.] *To meet requirements for a proposal to the National Science Foundation for a systemic initiative in mathematics and science:*

$1,500,000 1994

$1,500,000 1995

This appropriation is not contingent upon receiving funding from the National Science Foundation.

Subd. 5. [EDUCATIONAL EFFECTIVENESS.] *For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:*

$870,000 1994

$870,000 1995

Subd. 6. [INTERNET.] *To provide statewide access to INTERNET for elementary and secondary schools:*

$200,000 1994

$200,000 1995

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 7. [ACADEMIC EXCELLENCE FOUNDATION.] *(a) For the academic excellence foundation according to Minnesota Statutes, section 121.612:*

$525,000 1994

$525,000 1995

(b) Up to $50,000 each year is contingent upon the 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 1994 does not cancel but is available in 1995. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(c) Approximately $265,000 each year is for the foundation's partners for quality initiative.

Subd. 8. [ENVIRONMENTAL EDUCATION.] *For distributing materials and conducting workshops to implement model K-12 environmental education curriculum integration described in Laws 1991, chapter 254, article 1, section 14, subdivision 5, paragraph (a):*

$60,000 1994

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 9. [ITV LEVY AID.] *For ITV levy aid under section 24:*

$2,681,000 1995

The appropriation anticipates an entitlement of $3,154,200 for fiscal year 1995.

Subd. 10. [SCHOOL IMPROVEMENT INCENTIVE GRANTS.] *For grants to school improvement incentive sites under section 3:*

$125,000 1994

$125,000 1995

Subd. 11. [SCHOOL RESTRUCTURING GRANTS.] *For school restructuring grants under section 22:*

$500,000 1995

This appropriation does not cancel.

Up to $100,000 of this amount may be used for a grant to a nonstate organization to develop systemic site decision making models.

Subd. 12. [EXCHANGE AND TEMPORARY ASSIGNMENT PROGRAMS.] *For faculty exchange, and temporary assignment programs according to Minnesota Statutes, section 125.138:*

$75,000 1994

This appropriation is available until June 30, 1995.

Subd. 13. [STAFF DEVELOPMENT INCENTIVE.] *For staff development incentives:*

$100,000 1994

This appropriation is available until June 30, 1995.

Sec. 29. [APPROPRIATIONS.]

Subdivision 1. [HECB.] *The sums appropriated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.*

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] *For scholarship awards for summer programs according to Minnesota Statutes, section 126.56:*

$214,000 1994

$214,000 1995

Of this appropriation, any amount required by the higher education coordinating board may be used for the costs of administering the program.

Sec. 30. [MINNESOTA HUMANITIES COMMISSION.]

(a) $325,000 in fiscal year 1994 and $325,000 in fiscal year 1995 is appropriated from the general fund to the Minnesota Humanities Commission for the Minnesota Institute for the Advancement of Teaching.

(b) The money is for the institute to conduct noncredit seminars for Minnesota's K-12 teachers. The seminars must be interdisciplinary, employ varied methods of teaching and learning, incorporate community resources in a creative and instructive manner, and be dedicated to the professional development of K-12 teachers.

(c) The money is also for the institute to begin an alumni program to assist teachers who have attended the seminars to provide programs for teachers in their districts who cannot attend the residential seminars.

(d) The humanities commission may seek and accept private sector money for the institute to supplement these appropriations.

Sec. 31. [REPEALER.]

Minnesota Statutes 1992, sections 121.609; 124A.27, subdivisions 1 to 9; and 125.185, subdivision 4a, are repealed July 1, 1993.

Sec. 32. [EFFECTIVE DATE.]

Section 19 remains in effect until July 1, 1995.

ARTICLE 8

OTHER EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1992, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] One hundred percent of the aid for the current fiscal year must be paid for the following aids: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; ~~tribal contract school aid, according to section 124.85;~~ hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 2. [124.6469] [SCHOOL BREAKFAST PROGRAM.]

Subdivision 1. [PURPOSE.] *The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn.*

Subd. 2. [PROGRAM.] *The state school breakfast program enables schools participating in the federal School Breakfast Program to cover their costs for breakfast.*

Subd. 3. [PROGRAM REIMBURSEMENT.] *State funds are provided to reimburse school breakfasts. Each school year, the state shall reimburse schools in the amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate.*

Sec. 3. Minnesota Statutes 1992, section 124.912, subdivision 2, is amended to read:

Subd. 2. [DESEGREGATION.] Each year, *special school district No. 1, Minneapolis, may levy an amount not to exceed $197 times its actual pupil units for that fiscal year;* independent school district No. 625, St. Paul, may levy an amount not to exceed ~~a gross tax rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter~~ *$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of $660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district.* 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. 4. Minnesota Statutes 1992, section 124.912, subdivision 3, is amended to read:

Subd. 3. [RULE COMPLIANCE.] 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 net tax rate of 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,~~ *A district that levies according to subdivision 2* may *not* levy according to this subdivision. 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. 5. Minnesota Statutes 1992, section 124.916, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] For taxes payable in ~~1993 and~~ 1994 *and 1995* only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed $300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 6. Minnesota Statutes 1992, section 124.916, subdivision 3, is amended to read:

Subd. 3. [~~MINNEAPOLIS CIVIL SERVICE~~ RETIREMENT *LEVIES*.] (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. Notwithstanding section 121.904, the entire amount of this levy may 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.

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. Notwithstanding section 121.904, the entire amount of this levy may 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. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

(6) In addition to the levy authorized under paragraph 5, special school district No. 1, Minneapolis, may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Notwithstanding section 121.904, the entire amount of this levy may 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. 7. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in ~~kindergarten~~ *prekindergarten*, elementary, secondary, or special education programs. *The board shall require colleges and universities offering a board approved teacher preparation program to provide remedial assistance to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.*

(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.

Sec. 8. Minnesota Statutes 1992, section 125.185, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring successful completion of an examination of skills in reading, writing, and mathematics before being admitted to a teacher preparation program. *Such rules shall require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.*

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) Until July 1, 1998, the board may select schools to be pilot professional development schools according to initial criteria adopted by the board. Initial criteria are not subject to chapter 14. Upon specific legislative authorization to implement a statewide restructured licensure program, the board shall adopt rules to approve or disapprove professional development schools.

(g) The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(h) The board shall grant licenses to interns and to candidates for initial licenses.

(i) The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(j) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(k) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

(l) With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.

Sec. 9. [125.623] [TEACHERS OF COLOR PROGRAM.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "people of color" means permanent United States residents who are African-American, American Indian or Alaskan native, Asian or Pacific Islander, or Hispanic.*

Subd. 2. [GRANTS.] *The commissioner of education in consultation with the multicultural advisory committee established in section 126.81 shall award grants for professional development programs to recruit and educate people of color in the field of education, including early childhood and parent education. Grant applicants must be a school district with a growing minority population working in collaboration with a state institution of higher education with an approved teacher licensure program or an approved early childhood or parent education licensure program.*

Subd. 3. [PROGRAM REQUIREMENTS.] *(a) A grant recipient shall recruit persons of color to be teachers in elementary, secondary, early childhood or parent education, and provide support in linking program participants with jobs in the recipient's school district.*

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, shall recruit high school students and other persons, support them through the higher education application and admission process, advise them while enrolled and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to students of color enrolled in an approved licensure program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based on a student's financial need and students must apply for any additional financial aid they are eligible for to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to teach in the grantee school district for at least two years after licensure. If the district has no licensed positions open, the student may teach in another district in Minnesota.

(e) The commissioner of education shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of students of color in teaching;

(2) whether grant recipients will recruit paraprofessionals from the district to work in its schools; and

(3) whether grant recipients will establish or have a mentoring program for students of color.

Sec. 10. [126.81] [STATE MULTICULTURAL EDUCATION ADVISORY COMMITTEE.]

(a) The commissioner shall appoint a state multicultural education advisory committee to advise the department and the state board on multicultural education. The committee must have 12 members and be composed of representatives from among the following groups and community organizations: African-American, Asian-Pacific, Hispanic, and American Indian.

(b) The state committee shall provide information and recommendations on:

(1) department procedures for reviewing and approving district plans and disseminating information on multicultural education;

(2) department procedures for improving inclusive education plans, curriculum and instruction improvement plans, and performance-based assessments;

(3) developing learner outcomes which are multicultural; and

(4) other recommendations that will further inclusive, multicultural education.

(c) The committee shall also participate in determining the criteria for and awarding the grants established under section 16, subdivision 10.

Sec. 11. Minnesota Statutes 1992, section 275.48, is amended to read:

275.48 [ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES.]

When by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of a city, township or school district for a taxable year is reduced after the taxes for the year have been spread by the county auditor, and when the local tax rate determined by the county auditor based on the original net tax capacity is applied on the reduced net tax capacity and does not produce the full amount of taxes actually levied and certified for that taxable year on the original net tax capacity, the city, township or school district may include an additional amount in its tax levy made following final determination and notice of the reduction in net tax capacity. The amount shall equal the difference between the total amount of taxes actually levied and certified for that taxable year upon the original net tax capacity, not exceeding the maximum amount which could be raised on the net tax capacity as reduced, within existing local tax rate limitations, if any, and the amount of taxes collected for that taxable year on the reduced net tax capacity. The total tax levy authorized for a school district by this section *may also include an amount equal to any interest paid on the abatement refunds. The levy for a school district* shall be reduced by the total amount of any abatement adjustments received by the district pursuant to section 124.214, subdivision 2, in the same calendar year in which the levy is certified. As part of the certification required by section 124.918, subdivision 1, the commissioner of education shall certify the amount of the abatement levy limitation adjustment for each school district headquartered in that county.

Except for school districts, the amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 12. Minnesota Statutes 1992, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~county auditor~~ *commissioner. The commissioner shall report the amount of the excess to the county auditor* and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. The school board may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 13. [COMMISSIONER APPROVAL; INTEREST ON PAYMENTS.]

For taxes payable in 1994, the commissioner of education must grant approval of all levies for interest payments on abatement refunds. If the total amount of levy would exceed $1,000,000, the commissioner shall proportionately reduce each district's interest on abatements levy.

Sec. 14. [PLAN FOR STATE SKILLS EXAM.]

Subdivision 1. [PLAN CONTENT.] *The board of teaching shall develop a plan to assure that questions contained in the skills examination in reading, writing, and mathematics, which persons must successfully complete before being admitted to an approved teacher preparation program under Minnesota Statutes, section 125.05, subdivision 1a, clause (b) are culturally sensitive. The board shall include in the plan how it proposes to assure that the examination questions are culturally sensitive, evaluate interpersonal skills, and more comprehensively assess general knowledge and skills. The board shall seek the assistance of organizations representing diverse cultures in developing the plan. The board shall submit its plan to the education committees of the legislature by February 15, 1994.*

Subd. 2. [PROVISIONAL LICENSES.] *Persons who have successfully completed an approved teacher preparation program and obtained a provisional license to teach, but have not completed the skills examination required under Minnesota Statutes, section 125.05, subdivision 1a, clause (b), may continue to teach under a provisional license until the plan required under subdivision 1 is implemented.*

Sec. 15. Laws 1991, chapter 256, article 8, section 14, as amended by Laws 1992, chapter 499, article 7, section 14, is amended to read:

Sec. 14. [NONOPERATING FUND TRANSFERS.]

By June 30, 1992, and by June 30, 1993, a school district may permanently transfer money from the capital expenditure facilities or equipment accounts and from the debt redemption fund, to the extent the transferred money is not needed for principal and interest payments on bonds outstanding at the time of transfer, to the transportation fund, capital expenditure fund, or the debt redemption fund. A transfer may not be made from the capital expenditure facilities or equipment accounts that results in a deficit account balance in either account or a deficit in the combined account balance for facilities and equipment as of June 30, 1992, or as of June 30, 1993. No levies and no state aids shall be reduced as a result of a transfer. Each district transferring money from the capital expenditure facilities or equipment accounts shall report to the commissioner of education on each transfer. A district may not transfer money from the debt redemption fund to the capital expenditure fund or to the transportation fund without prior approval from the commissioner of education. The commissioner shall approve a transfer from the debt redemption fund only if: *(1)* the district retired its bonded indebtedness during fiscal year ~~1992 or~~ 1993 *or an earlier fiscal year and the district's general education levy was not reduced under Minnesota Statutes, section 475.61, subdivision 4, for taxes payable in 1993, or an earlier year,* or *(2)* the district's 1991 payable 1992 or 1992 payable 1993 debt service levy was reduced to zero according to Minnesota Statutes, section 475.61, subdivision 3. The commissioner of education shall report to the chairs of the education funding divisions of the house of representatives and the senate the aggregate transfers, by fund, made by school districts.

Sec. 16. [FUND TRANSFERS.]

Subdivision 1. [SPRINGFIELD.] *Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 85, Springfield, may permanently transfer a total of up to $600,000, as necessary, from its general fund to its capital expenditure fund before July 1, 1995.*

Subd. 2. [REMER-LONGVILLE.] *Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 118, Remer-Longville, may permanently transfer $125,000 in fiscal year 1993 from the bus purchase account to the capital expenditure fund without making a levy reduction.*

Subd. 3. [HOLDINGFORD.] *Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 738, Holdingford, may permanently transfer up to $51,000 from its debt redemption fund to its general fund.*

Subd. 4. [MANKATO.] *Notwithstanding Minnesota Statutes, section 124.2713, subdivision 8, or any other law to the contrary, independent school district No. 77, Mankato, may expend up to $250,000 from the community service fund for the purpose of removing architectural barriers from the Lincoln community center to provide access to persons with disabilities.*

Subd. 5. [ST. MICHAEL-ALBERTVILLE.] *Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 885, St. Michael-Albertville, may permanently transfer up to $105,000 in fiscal year 1993 from its debt redemption fund to the capital expenditure equipment fund.*

Subd. 6. [SARTELL.] *Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 748, Sartell, may permanently transfer any amount not currently needed from its debt redemption fund to the building construction fund.*

Subd. 7. [GLENCOE.] *Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 422, Glencoe, may permanently transfer a total of up to $100,000, as necessary, from its early childhood family education fund to its capital expenditure facilities fund before July 1, 1994.*

Subd. 8. [COLD SPRING.] *Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993 independent school district No. 750, Cold Spring, may permanently transfer an amount not to exceed $66,000 from its debt redemption fund to the transportation fund.*

Subd. 9. [GRYGLA.] *Notwithstanding Minnesota Statutes 1992, section 121.912, subdivision 1, or any other law to the contrary, on June 30, 1993, independent school district No. 447, Grygla, may permanently transfer an amount not to exceed $100,000 from its debt redemption fund to the capital expenditure fund.*

Sec. 17. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [BOARD MUST OFFER.] *A school board, a joint vocational technical district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, must offer the early retirement incentive provided in this section to a teacher, as defined in Minnesota Statutes, section 354.05, subdivision 2, or 354A.011, subdivision 27, who is eligible under subdivision 2.*

Subd. 2. [ELIGIBILITY.] *A teacher is eligible to receive the incentive if the person:*

(1) has at least 25 years of combined service credit in any Minnesota public pension plans governed by Minnesota Statutes, section 356.30, subdivision 3, or is at least 65 years old and has at least one year of combined service credit in these pension plans;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires on or after May 17, 1993, and before August 1, 1993.

Subd. 3. [INCENTIVE.] *For a person who selects the incentive under this section, the multiplier percentage used to calculate the retirement annuity must be increased by .10 for each year of allowable service credit up to 30 years.*

Subd. 4. [CONDITIONS.] *For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. 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. 18. [EMPLOYER-PAID HEALTH INSURANCE.]

Subdivision 1. [PUBLIC EMPLOYEES.] *A school district, intermediate school district, or joint vocational technical district formed under Minnesota Statutes, sections 136C.60 to 136C.69, shall provide employer-paid hospital, medical, and dental benefits to a person who:*

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of combined service credit in any Minnesota public pension plans other than volunteer firefighter plans;

(3) has at least as many months of service with the current employer as the number of months younger than age 65 the person is at the time of retirement;

(4) upon retirement is immediately eligible for a retirement annuity if the person is a member of a defined benefit plan;

(5) is at least 55 and not yet 65 years of age; and

(6) in the case of a school district employee, retires on or after May 15, 1993, and before July 21, 1993; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1993, and before October 1, 1993.

Subd. 2. [CONDITIONS; COVERAGE.] *For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.*

Subd. 3. [RULE OF 90.] *An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.*

Subd. 4. [APPLICATION OF OTHER LAWS.] *Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The authority provided in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.*

Subd. 5. [SCHOOL DISTRICT LEVY.] *A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this section. Notwithstanding Minnesota Statutes, section 121.904, 50 percent of the amount levied must be recognized as revenue for the fiscal year in which the levy is certified. This levy must not be considered in computing the aid reduction under Minnesota Statutes, section 124.155. If a school district levies according to this section, it may not also levy according to Minnesota Statutes, section 122.531, subdivision 9, for eligible employees.*

Sec. 19. Laws 1991, chapter 265, article 1, section 30, is amended to read:

Sec. 30. [BADGER SCHOOL DISTRICT FUND BALANCE.]

If independent school district No. 676, Badger, receives payment of delinquent property taxes *from one taxpayer* and the payment is more than five percent of the total property taxes paid in the fiscal year in which the payment is received, general education revenue for the district shall not be reduced according to Minnesota Statutes, section 124A.26, subdivision 1, for an excess fund balance *attributed to the payment* for the following ~~two~~ *five* fiscal years.

Sec. 20. [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. [FELLOWSHIP GRANTS.] *(a) For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:*

$100,000 1994

$100,000 1995

(b) A grant must not exceed $5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

Subd. 3. [TEACHER EDUCATION IMPROVEMENT.] *For board of teaching responsibilities relating to implementation of the teaching residency program:*

$300,000 1994

$300,000 1995

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [TEACHER MENTORING PROGRAMS.] *For teacher mentoring programs according to Minnesota Statutes, section 125.131:*

$340,000 1994

$340,000 1995

Any balance in the first year does not cancel but is available in the second year.

Sec. 21. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATION.]

Subdivision 1. [ARTS CENTER.] *The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:*

$387,000 1994

$421,000 1995

Of the fiscal year 1994 appropriation, $225,000 is to fund artist and arts organization participation in the education residency project, $75,000 is for school support for the residency project, and $87,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, $215,000 is to fund artist and arts organizations participation in the education residency project, $75,000 is for school support for the residency project, and $121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

Sec. 22. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [ABATEMENT AID.] *For abatement aid according to Minnesota Statutes, section 124.214:*

$7,334,000 1994

$7,567,000 1995

The 1994 appropriation includes $902,000 for 1993 and $6,432,000 for 1994.

The 1995 appropriation includes $1,135,000 for 1994 and $6,432,000 for 1995.

Subd. 3. [INTEGRATION GRANTS.] *(a) For grants to districts implementing desegregation plans mandated by the state board:*

$18,844,000 1994

$18,844,000 1995

(b) $1,385,000 each year must be allocated to independent school district No. 709, Duluth; $9,368,300 each year must be allocated to special school district No. 1, Minneapolis; and $8,090,500 each year must be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must deposit any increase in state aid over the fiscal year 1993 amount in a separate account. Each district must continue to report its costs according to the uniform financial accounting and reporting system. Each district must use the increase in aid to provide educational programs including assurance of mastery under Minnesota Statutes, section 124.311, English as a second language, individualized learning and development under

Minnesota Statutes, sections 124.331 to 124.333, and reading recovery. Each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made to integrate schools using the grant money. The report must indicate changes in student performance as a result of the expenditure of these grants. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 4. [NONPUBLIC PUPIL AID.] *For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:*

$9,623,000 1994

$9,696,000 1995

The 1994 appropriation includes $1,333,000 for 1993 and $8,290,000 for 1994.

The 1995 appropriation includes $1,463,000 for 1994 and $8,233,000 for 1995.

Subd. 5. [SCHOOL LUNCH AND FOOD STORAGE AID.] *(a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:*

$6,525,000 1994

$6,525,000 1995

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than $800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 6. [SCHOOL BREAKFAST.] *To operate the school breakfast program:*

$200,000 1994

$200,000 1995

If the appropriation amount attributable to either year is insufficient, the rate of payment for each student breakfast shall be reduced and the aid for that

year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Subd. 7. [MINORITY TEACHER INCENTIVES.] *For minority teacher incentives according to Minnesota Statutes, section 124.278:*

$600,000 1994

Any unexpended balance remaining in 1994 does not cancel but is available in 1995.

Subd. 8. [CROSS-CULTURAL INITIATIVES.] *For cross-cultural initiatives:*

$135,000 ..... 1994.

(a) $10,000 is for the State Multicultural Education Advisory Council.

(b) $125,000 is for four groups of grants, each group in the total amount of $31,250. The grants shall be awarded by the department of education to community groups representing persons of the following racial-ethnic heritages:

(1) African-American;

(2) American Indian;

(3) Asian-Pacific; and

(4) Hispanic.

At least one grant shall be awarded on behalf of persons in each racial-ethnic group in clauses (1) to (4).

The grants shall be used to enhance cross-cultural understanding among K-12 students and staff. The community groups that receive grants shall work with school districts to present or develop programs for students or staff.

The department shall develop criteria in consultation with the State Multicultural Education Advisory Council for awarding grants to community groups to develop cross-cultural understanding. Community groups must meet the criteria developed by the department and the committee in order to receive a grant.

(c) Any balance from the 1994 appropriation does not cancel but is available for fiscal year 1995.

Subd. 9. [APPROPRIATIONS FOR SCHOOL DISTRICTS.] *For grants to certain school districts:*

$ 50,000 1994

$ 50,000 1995

$20,000 in 1994 and $20,000 in 1995 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

$30,000 in 1994 and $30,000 in 1995 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school

district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 10. [SUMMER FOOD SERVICE INCENTIVES.] *For an increase of up to 30 in the number of department approved summer food service programs:*

$30,000 1994

The appropriation is available until June 30, 1995.

Each new program sponsor is eligible for a $1,000 grant.

Subd. 11. [CAREER TEACHER AID.] *For career teacher aid according to Minnesota Statutes, section 124.276:*

$250,000 1994

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the aid 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.

Subd. 12. [TEACHERS OF COLOR PROGRAM.] *For grants to school districts for the teachers of color program:*

$300,000 1994

$300,000 1995

Of this appropriation, at least $75,000 each fiscal year shall be for educating people of color to be early childhood and parent educators.

Subd. 13. [EDUCATION IN AGRICULTURE LEADERSHIP COUNCIL.] *For operating expenses of the Minnesota education in agriculture leadership council.*

$50,000 1994

Any balance in the first year does not cancel but is available in the second year.

Sec. 23. [EFFECTIVE DATE.]

Section 11 is effective July 1, 1993, and applies for the first time to levies for 1993 taxes payable in 1994.

Sections 16 and 19 are effective the day following final enactment.

Section 14 is effective the day after final enactment.

Section 17 is effective the day following final enactment.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 120.0621, is amended to read:

120.0621 [ENROLLMENT OPTIONS PROGRAMS IN BORDER STATES.]

Subdivision 1. [OPTIONS FOR ENROLLMENT IN ADJOINING STATES.] Minnesota pupils and pupils residing in adjoining states may enroll in school districts in the other state according to:

(1) section 120.08, subdivision 2; or

(2) this section.

Subd. 2. [PUPILS IN MINNESOTA.] A Minnesota resident pupil may enroll in a school district in an adjoining state if the district ~~is located in a county that~~ *to be attended* borders Minnesota.

Subd. 3. [PUPILS IN BORDERING STATES.] A non-Minnesota pupil who resides in an adjoining state in a ~~county~~ *school district* that borders Minnesota may enroll in a Minnesota school district if either the school board of the district in which the pupil resides or state in which the pupil resides pays tuition to the school district in which the pupil is enrolled. ~~The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1.~~

Subd. 4. [PROCEDURAL REQUIREMENTS.] Except as otherwise provided in this section, the rights and duties set forth in section 120.062 apply to *Minnesota* pupils, parents, and school districts if a pupil enrolls in a nonresident district according to this section.

~~Subd. 5. [AID ADJUSTMENTS.] The state of Minnesota shall make adjustments to general education aid, capital expenditure facilities aid, and capital expenditure equipment aid according to sections 124A.036, subdivision 5, and 124.245, subdivision 6, respectively, for the resident district of a Minnesota pupil enrolled in another state according to this section. The state of Minnesota shall reimburse the nonresident district, according to section 120.08, subdivision 1, in which a Minnesota pupil is enrolled according to this section.~~

Subd. 5a. [TUITION PAYMENTS.] *In each odd-numbered year, before March 1, the state board of education shall agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years. The board shall negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota school district. The rates must be at least equal to the tuition specified in section 120.08, subdivision 1. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.*

Subd. 5b. [TRANSPORTATION OF STUDENTS.] *(a) The agreement under subdivision 5a with each state must specify that the attending district in each state transport a pupil from the district boundary to the school of attendance.*

(b) Notwithstanding paragraph (a), the districts of residence and attendance may agree that either district may provide transportation from a pupil's home or agreed upon location to school. Transportation aid for Minnesota

students eligible for aid shall be paid only for transportation within the resident district.

Subd. 6. [EFFECTIVE IF RECIPROCAL.] This section is effective with respect to South Dakota upon enactment of provisions by South Dakota that are essentially similar to the ~~rights and duties of~~ *provisions for Minnesota* pupils ~~residing in districts located in all South Dakota counties that border Minnesota~~ *in this section*. After July 1, 1993, this section is effective with respect to any other bordering state upon enactment of provisions by the bordering state that are essentially similar to the ~~rights and duties of pupils residing in and districts located in all counties that border~~ *provisions for* Minnesota *pupils in this section.*

Sec. 2. Minnesota Statutes 1992, section 120.064, subdivision 1, is amended to read:

Subdivision 1. [PURPOSES.] *(a)* The purpose of this section is to:

(1) improve pupil learning;

(2) increase learning opportunities for pupils;

(3) encourage the use of different and innovative teaching methods;

(4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;

(5) establish new forms of accountability for schools; or

(6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to an outcome-based school fulfills a purpose specified in this subdivision, independent of the school's closing.

Sec. 3. Minnesota Statutes 1992, section 120.064, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] ~~(a)~~ A school board may sponsor ~~an~~ *one or more* outcome-based ~~school~~ *schools*.

(b) A school board may authorize a maximum of ~~two~~ *five* outcome-based schools. No more than a total of ~~eight~~ *20* outcome-based schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of outcome-based schools has been authorized.

Sec. 4. Minnesota Statutes 1992, section 120.064, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to ~~form and~~ operate an outcome-based school subject to approval by the state board of education. *If a school board elects not to sponsor an outcome-based school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section.* The ~~teachers~~ *school* shall ~~organize~~ *be organized* and

~~operate a school~~ *operated* as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before ~~a teacher~~ *the operators* may ~~begin to~~ form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize an outcome-based school. The affidavit must state the terms and conditions under which the sponsor would authorize an outcome-based school. The state board must approve or disapprove the sponsor's proposed authorization within 30 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the outcome-based school that was the subject of the affidavit.

(c) The ~~teachers~~ *operators* authorized to organize and operate a school shall hold an election for members of the school's board of directors *in a timely manner after the school is operating.* ~~All~~ *Any* staff members *who are* employed at the school, *including teachers providing instruction under a contract with a cooperative,* and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, *including teachers providing instruction under a contract with a cooperative,* must be a majority of the members of the board of directors. *A provisional board may operate before the election of the school's board of directors.*

~~(d) The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school.~~

Sec. 5. Minnesota Statutes 1992, section 120.064, is amended by adding a subdivision to read:

Subd. 4a. [CONVERSION OF EXISTING SCHOOLS.] *A school board may convert one or more of its existing schools to outcome-based schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.*

Sec. 6. Minnesota Statutes 1992, section 120.064, subdivision 5, is amended to read:

Subd. 5. [CONTRACT.] *The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school.* The contract for an outcome-based school shall be in writing and contain at least the following:

(1) a description of a program that carries out one or more of the purposes in subdivision 1;

(2) specific outcomes pupils are to achieve under subdivision 10;

(3) admission policies and procedures;

(4) management and administration of the school;

(5) requirements and procedures for program and financial audits;

(6) how the school will comply with subdivisions 8, 13, 15, and 21;

(7) assumption of liability by the outcome-based school;

(8) types and amounts of insurance coverage to be obtained by the outcome-based school; and

(9) the term of the contract which may be up to three years.

Sec. 7. Minnesota Statutes 1992, section 120.064, subdivision 8, is amended to read:

Subd. 8. [REQUIREMENTS.] (a) An outcome-based school shall meet ~~the same~~ *all applicable state and local* health and safety requirements ~~required of a school district~~.

(b) The school must be located in ~~Minnesota~~ *the sponsoring district, unless another school board agrees to locate an outcome-based school sponsored by another district in its boundaries.* ~~Its specific location may not be prescribed or limited by a sponsor or other authority except a zoning authority.~~ *If a school board denies a request to locate within its boundaries an outcome-based school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.*

(c) The school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize an outcome-based school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) The primary focus of the school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(e) The school may not charge tuition.

(f) The school is subject to and shall comply with chapter 363 and section 126.21.

(g) The school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(h) The school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.901 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

(i) The school is a school district for the purposes of tort liability under chapter 466.

Sec. 8. Minnesota Statutes 1992, section 120.064, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] The school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the high school graduation incentives program under section 126.22; *or*

(3) ~~pupils who have a specific affinity for the school's teaching methods,~~

~~the school's learning philosophy, or a subject such as mathematics, science, fine arts, performing arts, or a foreign language; or~~

~~(4)~~ residents of a specific geographic area ~~if~~ *where* the percentage of the population of non-Caucasian people ~~in the geographic~~ *of that* area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, *and* as long as the school reflects the racial and ethnic diversity of ~~that~~ *the specific* area.

The school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

The school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 9. Minnesota Statutes 1992, section 120.064, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] The ~~school's board of directors~~ *school* shall employ ~~and~~ *or* contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The ~~board~~ *school* may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The ~~board~~ *school* may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 10. Minnesota Statutes 1992, section 120.064, subdivision 16, is amended to read:

Subd. 16. [LEASED SPACE.] The school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. *If a school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the lease.*

Sec. 11. Minnesota Statutes 1992, section 120.064, subdivision 18, is amended to read:

Subd. 18. [DISSEMINATE INFORMATION.] The *sponsor, the operators, and the* department of education must disseminate information to the public~~, directly and through sponsors,~~ on how to form and operate an outcome-based school and how to utilize the offerings of an outcome-based school. *Particular groups to be targeted include low-income families and communities, and students of color.*

Sec. 12. Minnesota Statutes 1992, section 120.064, subdivision 21, is amended to read:

Subd. 21. [CAUSES FOR NONRENEWAL OR TERMINATION.] (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor~~, subject to state board of education approval,~~ may or may not renew a contract at the end of the term

for any ground listed in paragraph (b). A sponsor ~~or the state board~~ may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor~~, or the state board if the state board is acting to terminate a contract,~~ shall notify the board of directors of the school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the school's board of directors may request in writing an informal hearing before the sponsor ~~or the state board~~ within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor ~~or the state board~~ shall give reasonable notice to the school's board of directors of the hearing date. The sponsor ~~or the state board~~ shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. *If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.*

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to meet the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) for violations of law; or

(4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Sec. 13. Minnesota Statutes 1992, section 120.101, subdivision 5, is amended to read:

Subd. 5. [AGES AND TERMS.] For the 1988-1989 school year and the school years thereafter, every child between seven and 16 years of age shall receive instruction for at least ~~170~~ *the number of* days each year *required under subdivision 5b*. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least ~~170~~ *the number of* days each year *required under subdivision 5b*. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to ~~170 half days~~ *half of each day for the number of days each year set out in subdivision 5b*. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 14. Minnesota Statutes 1992, section 120.101, subdivision 5b, is amended to read:

Subd. 5b. [INSTRUCTIONAL DAYS.] Every child required to receive instruction according to subdivision 5 shall receive instruction for at least ~~the number of~~ *170* days *through the 1994-1995 school year, and for later years, at least the number of days* per *school* year ~~required~~ in the following schedule:

(1) 1995-1996, 172;

(2) 1996-1997, 174;

(3) 1997-1998, 176;

(4) 1998-1999, 178;

(5) 1999-2000, 180;

(6) 2000-2001, 182;

(7) 2001-2002, 184;

(8) 2002-2003, 186;

(9) 2003-2004, 188; and

(10) 2004-2005, and later school years, 190.

Sec. 15. Minnesota Statutes 1992, section 120.102, subdivision 1, is amended to read:

Subdivision 1. [REPORTS TO SUPERINTENDENT.] The person in charge of providing instruction to a child shall submit the following information to the superintendent of the district in which the child resides:

(1) by October 1 of each school year, the name, age, and address of each child receiving instruction;

(2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120.101, subdivision 7;

(3) an annual instructional calendar showing that instruction will occur *on* at least ~~170~~ *the number of* days *required under section 120.101, subdivision 5b*; and

(4) for each child instructed by a parent who meets only the requirement of section 120.101, subdivision 7, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120.101, subdivision 6.

Sec. 16. Minnesota Statutes 1992, section 121.16, subdivision 1, is amended to read:

Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. The *governor shall appoint the* commissioner ~~shall be appointed by the state board with the approval of the governor~~ under the provisions of section 15.06. ~~For purposes of section 15.06, the state board is the appointing authority.~~

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. The commissioner shall perform such duties as the law and the rules of the state board may provide and be held responsible for the efficient administration and discipline of the department. The commissioner shall make recommendations to the board and be charged with the execution of powers and duties which the state board may prescribe,

from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Sec. 17. Minnesota Statutes 1992, section 121.16, is amended by adding a subdivision to read:

Subd. 1a. The commissioner shall review all education-related mandates in state law or rule once every four years to determine which mandates fail to adequately promote public education in the state. The commissioner shall report the findings of the review to the education committees of the legislature by February 1 in the year following the completion of the review.

Sec. 18. Minnesota Statutes 1992, section 122.23, subdivision 18, is amended to read:

Subd. 18. (a) The county auditor shall determine a date, not less than 20 nor more than 60 days from the date that the order setting the effective date of the consolidation according to subdivision 13 was issued, upon which date shall be held a special election in the district for the purpose of electing a board of six members for terms as follows: two until the July 1 one year after the effective date of the consolidation, two until the expiration of one year from said July 1, and two until the expiration of two years from said July 1, to hold office until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. If the resolution or petition for consolidation pursuant to subdivision 2 proposed that the board of the newly created district consists of seven members, then seven members shall be elected at this election for the terms provided in this clause except that three members shall hold office until the expiration of two years from said July 1. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the proposed new district, one weeks' published notice shall be given. The notice shall specify the time, place, and purpose of the election.

(c) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application shall be filed not less than 12 days before the election.

(d) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(e) After making a canvass and tabulation, the county auditor shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. The county auditor shall deliver such

certificate to the person entitled thereto by certified mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(f) The board of each district included in the new enlarged district shall continue to maintain school therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to maintain properly the schools for the period prior to that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes collectible in the calendar year when the consolidation becomes effective.

(g) It shall be the immediate duty of the newly elected board of the new enlarged district, when the members thereof have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes, when authorized by the voters to issue bonds under the provisions of chapter 475; and on the effective date of the consolidation to assume the full duties of the care, management and control of the new enlarged district. The board of the new enlarged district shall give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district. The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 122.532. *The obligations of the new board to nonlicensed employees employed by component districts is governed by subdivision 18a.*

Sec. 19. Minnesota Statutes 1992, section 122.23, is amended by adding a subdivision to read:

Subd. 18a. [NONLICENSED EMPLOYEES.] *(a) As of the effective date of a consolidation of two or more districts or parts of them, each nonlicensed employee employed by an affected district must be assigned to the newly created district.*

(b) As of the effective date of a consolidation, any employee organization may petition the commissioner of the bureau of mediation services for a certification election under chapter 179A. An organization certified as the exclusive representative for nonlicensed employees in a particular preexisting district continues as the exclusive representative for those particular employees for a period of 90 days from the effective date of a consolidation. If a petition for representation of nonlicensed employees is filed within 90 days, an exclusive representative for those particular nonlicensed employees continues as the exclusive representative until the bureau of mediation services certification proceedings are concluded.

(c) The terms and conditions of employment of nonlicensed employees assigned to the newly created district are temporarily governed by contracts executed by an exclusive representative for a period of 90 days from the effective date of the consolidation. If a petition for representation is filed with the bureau of mediation services within the 90 days, the contractual terms and

conditions of employment for those nonlicensed employees who were governed by a preexisting contract continue in effect until the bureau of mediation services proceedings are concluded and, if an exclusive representative has been elected, until successor contracts are executed between the board of the newly created district and the new exclusive representative. The terms and conditions of employment of nonlicensed employees assigned to the newly created district who were not governed by a collective bargaining agreement at the time of the consolidation are governed by the policies of the board of the newly created district.

(d) The date of first employment in the newly created district is the date on which services were first performed by the employee in the preexisting district. Any sick leave, vacation time, or severance pay benefits accumulated under policies of the preexisting district or contracts between the exclusive representatives and the board of the preexisting district continue to apply in the newly created district to the employees of the preexisting districts, subject to any maximum accumulation limitations negotiated in a successor contract. Future leaves of absence, vacations, or other benefits to be accumulated in the newly created district are governed by board policy or by contract between the exclusive representative of an appropriate unit of employees and the board of the newly created district. The board of the newly created district shall provide, to transferred nonlicensed employees, open enrollment in all insurance plans with no limit on preexisting conditions.

Sec. 20. Minnesota Statutes 1992, section 122.895, subdivision 2, is amended to read:

Subd. 2. [APPLICABILITY.] This section applies to:

(1) an education district organized according to sections 122.91 to 122.95;

(2) a cooperative vocational center organized according to section 123.351;

(3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;

(4) a joint vocational technical district organized according to sections 136C.60 to 136C.69;

(5) an intermediate district organized according to chapter 136D; ~~and~~

(6) an educational cooperative service unit which employs teachers to provide instruction*; and*

(7) school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Sec. 21. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 2a. [AGREEMENTS FOR COOPERATIVE SPECIAL EDUCATION.] *(a) Upon the termination of an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a school district participating in the agreement will be afforded rights to employment by other school districts according to subdivisions 3, 4, and 5. Nonlicensed employees of a participating district employed to provide special education services will, upon the agreement's termination, be afforded*

rights to employment by other participating districts according to subdivision 8.

(b) Upon a school district's withdrawal from the cooperative provision of special education under an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a participating district will be afforded rights to employment by other school districts according to subdivisions 3, 6, and 7. Nonlicensed employees of a participating district employed to provide special education services will be afforded rights to employment by the withdrawing district according to subdivision 9.

Sec. 22. Minnesota Statutes 1992, 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 three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A school board, at its discretion, may or may not renew an employment contract. *A school board shall not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a school board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract shall be contingent upon the employee completing the terms of an existing contract. If a contract between a school board and a superintendent is terminated prior to the date specified in the contract, the school board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated 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 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 order of employment in a contracting district. The superintendent of a district shall perform the following:

(1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;

(2) recommend to the board employment and dismissal of teachers;

(3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner of education; and

(5) perform other duties prescribed by the board.

Sec. 23. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. ~~Nine~~ *Seven* quarter or ~~six~~ *four* semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 24. Minnesota Statutes 1992, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] For a pupil enrolled in a course under this section, the department of education shall make payments according to this subdivision for courses that were taken for secondary credit.

The department shall not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public~~ post-secondary ~~system or private post-secondary~~ institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public~~ post-secondary ~~system and to each private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the post-secondary ~~system or~~ institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system or~~ institution that an overpayment has been made, the ~~system or~~ institution shall promptly remit the amount due.

~~A school district shall receive:~~

~~(1) for a pupil who is not enrolled in classes at a secondary school, 12 percent of the formula allowance, according to section 124A.22, subdivision 2, times 1.3; or~~

~~(2) for a pupil who attends a secondary school part time, the formula allowance, according to section 124A.22, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.~~

Sec. 25. Minnesota Statutes 1992, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. [FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.] For a pupil enrolled in a course according to this section, the department of education shall make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public post-secondary system or private~~ post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public~~ post-secondary ~~system and to each private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the

change shall be reported by the post-secondary ~~system or~~ institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system or~~ institution that an overpayment has been made, the ~~system or~~ institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 26. Minnesota Statutes 1992, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. [FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.] *(a)* The agreement between a school board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the school board to the post-secondary institution. No payments shall be made by the department of education according to subdivision 6 or 6b. For the purpose of computing state aids for a school district, a pupil enrolled according to subdivision 4e shall be counted in the average daily membership of the school district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 4e, offered at a secondary school, and taught by a secondary teacher, the post-secondary system or institution must not require a payment from the school board that exceeds the cost to the post-secondary institution that is directly attributable to providing that course.

Sec. 27. Minnesota Statutes 1992, section 123.935, subdivision 7, is amended to read:

Subd. 7. [NONPUBLIC EDUCATION COUNCIL.] The commissioner shall appoint a 15-member council on nonpublic education. The 15 members shall represent various areas of the state, represent various methods of providing nonpublic education, and shall be knowledgeable about nonpublic education. The compensation, removal of members, filling of vacancies, and terms are governed by section 15.0575. The council ~~expires as provided in section 15.059, subdivision 5~~ *shall not expire*. The council shall advise the commissioner and the state board on nonpublic school matters under this section. The council may recognize educational accrediting agencies, for the sole purpose of sections 120.101, 120.102, and 120.103. When requested by the commissioner or the state board, the council may submit its advice about other nonpublic school matters.

Sec. 28. Minnesota Statutes 1992, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 29. Minnesota Statutes 1992, section 124.17, is amended by adding a subdivision to read:

Subd. 2f. [PSEO PUPILS.] *The average daily membership for a student participating in the post-secondary enrollment options program equals the lesser of*

(1) 1.00, or

(2) the greater of

(i) .12, or

(ii) the ratio of the number of hours the student is enrolled in the secondary school to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 1.

Sec. 30. Minnesota Statutes 1992, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district shall maintain school in session or provide instruction in other districts for at least ~~170~~ *175* days through the 1994-1995 school year and the number of days required in ~~section 120.101,~~ subdivision ~~5b~~ *1b* thereafter, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt is made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed five days through the 1994-1995 school year and for subsequent school years the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 5b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

Sec. 31. Minnesota Statutes 1992, section 124.248, subdivision 4, is amended to read:

Subd. 4. [OTHER AID, GRANTS, REVENUE.] *(a)* An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of an outcome-based school. Any unexpended revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) An outcome-based school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Sec. 32. Minnesota Statutes 1992, section 124.48, subdivision 3, is amended to read:

Subd. 3. [INDIAN SCHOLARSHIP COMMITTEE.] The Minnesota Indian scholarship committee is established. Members shall be appointed by the state board with the assistance of the Indian affairs council as provided in section 3.922, subdivision 6. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the committee, which expires no later than ~~the date provided in section 15.059, subdivision 5~~ *June 30, 1997*. The committee shall provide advice to the state board in awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

Sec. 33. Minnesota Statutes 1992, section 125.1885, subdivision 3, is amended to read:

Subd. 3. [PROGRAM APPROVAL.] ~~(a) The state board of education shall approve alternative preparation programs based on criteria adopted by the board, after receiving recommendations from an advisory task force appointed by the board.~~

~~(b)~~ An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a graduate program in educational administration for public school administrators.

Sec. 34. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 [STATE CURRICULUM ADVISORY COMMITTEE.]

The commissioner shall appoint a state curriculum advisory committee of 11 members to advise the state board and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a district curriculum advisory committee. The state committee shall provide information and recommendations about at least the following:

(1) department procedures for reviewing and approving reports and disseminating information;

(2) exemplary PER processes;

(3) recommendations for improving the PER process and reports; and

(4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires ~~as provided in section 15.059, subdivision 5~~ *on June 30, 1996*.

Sec. 35. [126.80] [SECONDARY CREDIT FOR EIGHTH GRADE STUDENTS.]

A student in eighth grade who satisfactorily completes at least 120 hours of instruction in a high school course is eligible to receive secondary course

credit and the credit shall count toward the student's graduation requirements. This section expires August 1, 1996.

Sec. 36. Minnesota Statutes 1992, section 127.15, is amended to read:

127.15 [DEALING IN SCHOOL SUPPLIES.]

Except as provided for in sections 471.87 and 471.88, no teacher in the public schools, nor any state, county, town, city, or district school officer, including any superintendent of schools, or any member of any school board, nor any person connected with the public school system in any capacity, shall be interested directly or indirectly in the sale, proceeds, or profits of any book, apparatus, or furniture used, or to be used, in any school with which the person is connected in any official capacity. Any person violating any of the provisions of this section shall forfeit not less than $50, nor more than $200 for each such offense. This section shall not apply to a person who may have an interest in the sale of any book of which that person is the author. *Nothing in this section shall prohibit the spouse of an employee or officer covered by this section from contracting with the school district for the sale or lease of books, apparatus, furniture, or other supplies to be used in a school with which the employee or officer is connected in any official capacity, as long as the employee's or officer's position does not involve approving contracts for supplies and the school board unanimously approves the transaction.*

Sec. 37. Minnesota Statutes 1992, section 127.455, is amended to read:

127.455 [MODEL POLICY.]

The commissioner of education shall maintain and make available to school boards a model sexual, *religious, and racial* harassment and violence policy. The model policy shall address the requirements of section 127.46.

Each school board shall submit to the commissioner of education a copy of the sexual, *religious, and racial* harassment and sexual, *religious, and racial* violence policy the board has adopted.

Sec. 38. Minnesota Statutes 1992, section 127.46, is amended to read:

127.46 [SEXUAL, *RELIGIOUS, AND RACIAL* HARASSMENT AND VIOLENCE POLICY.]

Each school board shall adopt a written sexual, *religious, and racial* harassment and sexual, *religious, and racial* violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted throughout each school building and included in each school's student handbook on school policies. Each school must develop a process for discussing the school's sexual, *religious, and racial* harassment and violence policy with students and school employees.

Sec. 39. Minnesota Statutes 1992, section 128A.03, subdivision 2, is amended to read:

Subd. 2. [TERMS, PAY, REMOVAL, EXPIRATION.] The terms, pay, and provisions for removal of members~~, and for the expiration of the council~~ are

in section 15.059, subdivisions 2, 3, *and* ~~4, and 5~~. *The council shall expire on June 30, 1997.*

Sec. 40. Minnesota Statutes 1992, section 128C.02, is amended by adding a subdivision to read:

Subd. 7. [WOMEN REFEREES.] *The league shall adopt league rules and policy requiring, to the extent possible, the equal employment of women as referees for high school activities and sports contests, from game level to tournament level.*

Sec. 41. Minnesota Statutes 1992, section 134.31, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota library for the blind and physically handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee *except that the committee shall expire on June 30, 1997.*

Sec. 42. Minnesota Statutes 1992, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke ~~or use any other~~, *chew, or otherwise ingest tobacco or a* tobacco product in a public school, as defined in section 120.05, subdivision 2. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. This prohibition does not apply to a technical college. *Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.*

Sec. 43. Minnesota Statutes 1992, section 471.88, is amended by adding a subdivision to read:

Subd. 16. [SCHOOL DISTRICT.] *Notwithstanding subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer under that contract or employment relationship will not exceed $5,000 in that fiscal year. Notwithstanding section 125.12 or 125.17 or other law, if the officer does not receive unanimous approval to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.*

Sec. 44. Minnesota Statutes 1992, section 609.685, subdivision 3, is amended to read:

Subd. 3. [PETTY MISDEMEANOR.] Whoever ~~uses~~ *smokes, chews, or otherwise ingests*, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related

devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 45. Minnesota Statutes 1992, section 609.685, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] *Notwithstanding subdivision 2, an Indian may furnish tobacco to an Indian under the age of 18 years if the tobacco is furnished as part of a traditional Indian spiritual or cultural ceremony. For purposes of this subdivision, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.*

Sec. 46. [DESEGREGATION RULE.]

Subdivision 1. [MEETINGS.] *The state board of education shall convene several roundtable discussion meetings to address issues regarding the board's proposed changes to the desegregation and inclusive education rules. Participants in these discussion meetings shall include, but not be limited to, representatives of the three cities of the first class, NAACP, Urban League, Urban Coalition, American Indian Affairs Council, Asian-Pacific Council, Spanish-Speaking Affairs Council, Centro Cultural Chicano, Chicanos y Latinos Unidos En Servicio, Division of Indian Works, Lao Family Community of Minnesota, Women's Association of Hmong and Lao, Hmong American Partnership, Council on Black Minnesotans, state board's desegregation task forces, parents, students, and representatives of suburban districts.*

Subd. 2. [DISCUSSION ISSUES.] *(a) The purpose of these discussions shall be to recommend changes in the desegregation rule to better fulfill the promise of equal educational opportunity articulated in the landmark United States Supreme Court case of Brown v. Board of Education.*

(b) The issues to be discussed at these meetings shall at minimum include:

(1) standards for approving or disapproving desegregation plans;

(2) implementation and compliance issues;

(3) thresholds for requiring desegregation plans;

(4) legally permissible alternative approaches to meeting the needs of students of color;

(5) methods for preventing resegregation in urban districts, including metropolitanwide desegregation approaches;

(6) fiscal implications of proposed changes;

(7) housing and transportation issues relating to segregation;

(8) a review of current demographics and enrollment trends; and

(9) how all students may participate in open enrollment under a desegregation plan.

Subd. 3. [RESOURCE PERSONS; STAFF.] *The state board shall utilize nationally known legal and research experts to the extent possible to assist in the discussions. The department of education shall provide staff for these meetings.*

Subd. 4. [REPORT.] *The state board of education shall report to the*

legislature on the results of these discussions by January 1, 1994, prior to commencing the formal rulemaking process.

Sec. 47. [1992 PSEO PART-TIME SECONDARY PUPILS.]

For fiscal year 1992, for a pupil who attended a post-secondary institution under Minnesota Statutes, section 123.3514, and attended a secondary school part time, a district shall receive revenue on behalf of the pupil under Minnesota Statutes, sections 124.12, subdivision 1, and 124.17, subdivision 2f, plus 12 percent of the formula allowance according to Minnesota Statutes 1992, section 124A.22, subdivision 2, times 1.3.

Sec. 48. [EDUCATION APPROPRIATION ACCOUNTS.]

Notwithstanding any law to the contrary, the education aid appropriation accounts relating to fiscal year 1992 shall remain open on the statewide accounting system, and the commissioner of finance shall transfer amounts among accounts and make transactions as requested by the commissioner of education as necessary to accomplish the retroactive provisions of (sections 123.3514, subd. 6; and 124.17, subds. 1 and 2), and the provisions of section 124.14, subdivision 7, for fiscal year 1992.

Sec. 49. [CHANGE-ORIENTED SCHOOLS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] *(a) A five-year pilot project is established to permit up to three project participants selected by the commissioner of education to develop and implement substantive changes in a school's educational program and operational structure. A project may be extended one time for up to an additional five years at the commissioner's discretion.*

(b) The purpose of the pilot project is to identify innovative educational strategies that effectively improve public education by:

(1) increasing students' academic and vocational abilities and educational opportunities through relevant, readily measurable, and clearly defined interdisciplinary subject matter and skills-oriented outcomes and performance standards;

(2) promoting innovative approaches to teaching through meaningful, site-based decision making; and

(3) developing a service-oriented management and operational structure that allows school staff at the school site to identify students' educational needs and effectively allocate resources to meet those needs.

Subd. 2. [ELIGIBILITY; APPLICATIONS.] *The commissioner shall make application forms available to schools interested in developing and implementing the substantive changes described in this section. A school may apply to participate in the project after receiving approval to apply from the school board of the school district in which the school is located. The commissioner may approve a maximum of three applications before July 1, 1994. To the extent possible, the approved applications must reflect innovative educational strategies that improve public education and are geographically distributed throughout the state.*

Subd. 3. [CRITERIA FOR SELECTION.] *At a minimum, applicants must express commitment to:*

(1) creating a site-based management team, composed of the school principal, teachers, other school employees, parents of students enrolled in the school, and other determined by the team to be appropriate team members, that are responsible for managing the school's educational program and operational structure;

(2) developing a relevant, appropriately rigorous, interdisciplinary curriculum;

(3) periodically assessing the knowledge and skills of students, and the efficacy of teachers and administrators according to clearly defined substantive outcomes and measurable performance standards;

(4) providing in-service training to implement innovative educational strategies;

(5) using available public and private educational and financial resources at the local, state, and national levels; and

(6) sharing educational findings, materials, and techniques with other school districts.

Subd. 4. [EXEMPTIONS; REQUIREMENTS.] *(a) Except as otherwise provided in this section, a school participating in the pilot project is exempt from all state statutes and rules applicable to a school board or school district, although it may elect to comply with one or more state statutes and rules. The exemptions do not apply to the school board of the school district in which the participating school is located.*

(b) Applicants selected to participate in the project must:

(1) meet the health and safety requirements applicable to other school districts;

(2) ensure that all facets of the program are nonsectarian;

(3) provide a comprehensive education program for all enrolled students;

(4) comply with Minnesota Statutes, section 126.21, and chapter 363;

(5) comply with the pupil fair dismissal law, Minnesota Statutes, sections 127.26 to 127.39, and the Minnesota public school fee law, Minnesota Statutes, sections 120.71 to 120.76;

(6) be subject to the same audit requirements as other school districts;

(7) function as other school districts for the purposes of tort liability under Minnesota Statutes, chapter 466;

(8) design and implement measurable education program outcomes at least equivalent to the entrance requirements of the University of Minnesota if the participating school is a high school;

(9) comply with Minnesota Statutes, sections 120.03 and 120.17, and rules governing the education of disabled children;

(10) provide instruction each year for at least the minimum number of days required by Minnesota Statutes, section 120.101, subdivisions 5 and 5b, or according to Minnesota Statutes, sections 120.59 to 120.67 or 121.585;

(11) provide transportation to students enrolled at a school located within the district according to Minnesota Statutes, sections 120.062, subdivision 9, and 123.39, subdivision 6;

(12) permit teachers employed by the district to teach at another site within the district;

(13) function as other school districts for purposes of suing and being sued;

(14) comply with election laws applicable to school district elections under Minnesota Statutes, section 123.11 and chapter 205A;

(15) comply with all teacher licensure requirements in statute and rule; and

(16) comply with all employment laws applicable to school district employees.

Subd. 5. [REPORTS.] *Pilot project participants must provide a clear and concise report at least annually by October 1 to the commissioner discussing:*

(1) the state statutes and rules with which the project participant is not complying, as permitted in subdivision 4;

(2) how not complying with state statutes and rules improves learning and educational effectiveness;

(3) the financial impact of not complying with state statutes and rules;

(4) the educational progress the project participant made during the previous school year;

(5) the education goals of the project participant for the current school year; and

(6) any other information the commissioner requests.

Sec. 50. [STUDY ON TRAINING OPPORTUNITIES FOR WOMEN REFEREES.]

The Minnesota state high school league shall submit a written report to the education committees of the legislature by February 15, 1994, analyzing the extent of the opportunities available for women to train and serve as referees at league-sponsored events.

Sec. 51. [INDEPENDENT SCHOOL DISTRICT NO. 206, ALEXANDRIA; ELECTIONS.]

Notwithstanding Laws 1987, chapter 96, relating to the beginning of the term of office for newly elected board members, the terms of office for newly elected board members of independent school district No. 206, Alexandria, begin and end as provided for in Minnesota Statutes, section 205A.04, subdivision 1.

Sec. 52. [EXEMPTIONS; EIGHT-PERIOD SCHEDULE.]

(a) Notwithstanding Minnesota Statutes, sections 120.101, subdivision 5; 120.66; 121.585; 124.19, subdivisions 1, 4, 6, and 7; 124C.46, subdivision 3; 126.12, subdivision 1; or any other law to the contrary, independent school district No. 279, Osseo, may adopt for the 1993-1994, 1994-1995, and 1995-1996 school years an alternating eight-period schedule for secondary school students composed of four 85-minute periods per day held on

alternating school days. The purpose of the alternating eight-period schedule is to enable the school district to temporarily meet its increasing needs for additional space due to enrollment increases at the secondary level. The new schedule must not change district curricular offerings, transportation schedules, the length of employees' workday, or extracurricular activities. The district must offer registered secondary students the opportunity to enroll in a minimum of five classes in an eight-period schedule.

(b) The district may adopt the eight-period schedule without loss of state aid if the district meets the requirements of paragraph (a). The commissioner of education, in consultation with the district, shall determine the minimum number of instructional hours so that the district is eligible for the full amount of general education revenue.

(c) The district may adopt the eight-period schedule only upon school board resolution following a public hearing. Notice of the hearing must be published in the official newspaper at least one week in advance.

(d) Any student affected by the eight-period schedule is exempt from the enrollment options program deadline in Minnesota Statutes, section 120.062.

(e) The district, with the assistance of the department of education, shall conduct a study of the impact of the eight-period schedule on student performance. The district shall include information on cohorts before adopting an eight-period schedule and compare them to students enrolled in a program using an eight-period schedule. The district shall conduct a survey of students and parents on the effectiveness of the eight-period schedule. The department shall evaluate the financial impact of the eight-period schedule. The district shall make a preliminary report on the effectiveness of the eight-period schedule to the legislature by January 15, 1995, and a final report by January 15, 1997.

Sec. 53. [SPECIAL EFFECTIVE DATE AND APPLICABILITY TO THE TODD – OTTER TAIL – WADENA SPECIAL EDUCATION COOPERATIVE.]

Sections 20 and 21 apply to the Todd – Otter Tail – Wadena special education cooperative and its participating school districts: independent school district No. 543, Deer Creek; independent school district No. 545, Henning; independent school district No. 549, Perham-Dent; independent school district No. 553, New York Mills; independent school district No. 786, Bertha-Hewitt; independent school district No. 818, Verndale; independent school district No. 819, Wadena; independent school district No. 820, Sebeka; and independent school district No. 821, Menahga, and are effective the day following their final enactment. If the board of any participating school district has given notice of intent to withdraw from special education services provided by the cooperative before final enactment, the deadline specified in Minnesota Statutes, section 122.895, subdivision 3, is six days following the final enactment and the deadline specified in Minnesota Statutes, section 122.895, subdivision 6, paragraph (b), for notice of a teacher's exercise of rights under that subdivision is 16 days following final enactment.

Sec. 54. [REPEALER.]

Laws 1991, chapter 265, article 4, section 29, is repealed the day after final enactment of this article.

Minnesota Statutes 1992, sections 120.0621, subdivision 5, and 121.87, are repealed.

Sec. 55. [EFFECTIVE DATES.]

Section 16 is effective when the term of the office of governor ends on the first Monday in January 1995.

Sections 24, 28, and 29 are effective retroactive to July 1, 1991, and apply for fiscal year 1992 and thereafter.

Section 49 is effective the day after its final enactment.

Section 51 is effective the day after the clerk of the school board of independent school district No. 206, Alexandria, complies with Minnesota Statutes, section 645.021, subdivision 3. Section 52 is effective the day following final enactment and remains in effect only through the 1995-1996 school year. Sections 36 and 43 are effective June 30, 1993.

Section 31 applies to outcome-based schools approved after the effective date of section 31.

ARTICLE 10

LIBRARIES

Section 1. [LIBRARY APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.*

Subd. 2. [BASIC SUPPORT GRANTS.] *For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:*

$7,819,000 1994

$7,819,000 1995

The 1994 appropriation includes $1,172,000 for 1993 and $6,647,000 for 1994.

The 1995 appropriation includes $1,172,000 for 1994 and $6,647,000 for 1995.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] *For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:*

$527,000 1994

$527,000 1995

The 1994 appropriation includes $79,000 for 1993 and $448,000 for 1994.

The 1995 appropriation includes $79,000 for 1994 and $448,000 for 1995.

Subd. 4. [STATE AGENCY LIBRARIES.] *For maintaining and upgrading the online computer-based library catalog system in state agency libraries:*

$15,000 1994

$15,000 1995

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

ARTICLE 11

STATE AGENCIES

Section 1. [121.163] [FEDERAL AID TO EDUCATION.]

Subdivision 1. [ACCEPTANCE.] *The commissioner may accept and administer federal funds when such funds become available that further public education and are consistent with state policy and the mission of the department. Acceptance of the money is subject to department of finance policy and procedure regarding federal funds.*

Subd. 2. [STATE PLANS.] *If the granting federal agency requires a state plan addressing policy for expenditure, the state board shall adopt a state plan in conformity with state and federal regulations and guidelines prior to commissioner acceptance.*

Subd. 3. [DEPOSITORY.] *The state treasurer is the custodian of all money received from the United States on account of the acceptance and shall disburse the money on requisitioning of the commissioner through the state payment system for purposes consistent with the respective acts of congress and federal grant.*

Sec. 2. Minnesota Statutes 1992, section 124C.08, subdivision 1, is amended to read:

Subdivision 1. [FUNDING.] Each site shall receive $1,250 each year for two years. If fewer than 30 sites are selected, each site shall receive an additional proportionate share of money appropriated and not used. Before receiving money for the second year, a long-range plan for arts education must be submitted to the ~~department~~ *Minnesota center for arts education.*

Sec. 3. Minnesota Statutes 1992, section 124C.08, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] The ~~department of education~~ *center*, in consultation with the comprehensive arts planning program state steering committee, shall establish criteria for site selection. Criteria shall include at least the following:

(1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;

(2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;

(3) commitment on the part of committee members to participate in training offered by the department of education;

(4) a commitment of the committee to conduct a needs assessment of arts education;

(5) commitment by the committee to evaluating its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district;

(7) no previous involvement of the district in the comprehensive arts planning program, unless that district has joined a new group of districts; and

(8) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 4. Minnesota Statutes 1992, section 124C.09, is amended to read:

124C.09 [DEPARTMENT RESPONSIBILITY.]

The ~~department of education~~ *Minnesota center for arts education*, in cooperation with the Minnesota alliance for arts in education~~,~~ *and* the Minnesota state arts board~~, and the Minnesota center for arts education~~ shall provide materials, training, and assistance to the arts education committees in the school districts. The ~~department~~ *center* may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.

Sec. 5. [128A.11] [STUDENT ACTIVITIES ACCOUNT.]

Subdivision 1. [STUDENT ACTIVITIES; RECEIPTS; APPROPRIATION.] *All receipts of any kind generated to operate student activities, including student fees, donations and contributions, and gate receipts must be deposited in the state treasury. The receipts are appropriated annually to the residential academies for student activities purposes. They are not subject to budgetary control by the commissioner of finance.*

Subd. 2. [TO STUDENT ACTIVITIES ACCOUNT.] *The money appropriated in subdivision 1 to the residential academies for student activities must be credited to a Faribault academies' student activities account and may be spent only for Faribault academies' student activities purposes.*

Subd. 3. [CARRYOVER.] *An unexpended balance in the Faribault academies' student activities account may be carried over from the first fiscal year of the biennium into the second fiscal year of the biennium and from one biennium to the next. The amount carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.*

Subd. 4. [SPECIFICALLY INCLUDED AMONG RECEIPTS.] *Any money generated by a Faribault academies' student activity that involves:*

(1) state employees who are receiving compensation for their involvement with the activity;

(2) the use of state facilities; or

(3) money raised for student activities in the name of the residential academies

is specifically included among the kinds of receipts that are described in subdivision 1.

Sec. 6. Minnesota Statutes 1992, section 171.29, subdivision 2, is amended to read:

Subd. 2. [FEES, ALLOCATION.] (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a $30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a $250 fee before the person's drivers license is reinstated to be credited as follows:

(1) 20 percent shall be credited to the trunk highway fund;

(2) 55 percent shall be credited to the general fund;

(3) eight percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 12 percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for ~~grants to develop alcohol-impaired driver education and chemical abuse prevention~~ programs in elementary and secondary schools. ~~The state board of education shall establish guidelines for the distribution of the grants. At least $70,000 must be awarded in grants to local school districts~~; and

(5) five percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. $100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of jobs and training for the reasonable cost of services provided under section 268A.03, clause (o).

Sec. 7. [DEPARTMENT OF EDUCATION APPROPRIATIONS.]

The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

$14,564,000 1994

$14,587,000 1995

Any balance in the first year does not cancel but is available in the second year.

$21,000 each year is from the trunk highway fund.

$104,000 each year is for the academic excellence foundation.

$219,000 each year is for the state board of education.

$200,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

$120,000 each year is for facilities planning, coordination of facility needs between school districts, and for review and comment on school construction projects.

$45,000 each year must be used to assist districts with the assurance of mastery program.

The expenditures of federal grants and aids as shown in the biennial budget document are approved and appropriated and shall be spent as indicated.

The board of teaching budget is not exempt from internal reallocations and reductions required to balance the budget of the combined agencies.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the department of education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 8. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault Academies:

$7,784,000 1994

$8,053,000 1995

Any balance in the first year does not cancel and is available for the second year.

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the state board of education must assess its progress in meeting its established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 9. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATIONS.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years indicated:

$4,853,000 1994

$4,853,000 1995

Any balance in the first year does not cancel but is available in the second year.

The center must provide assistance to the department of education for learner outcome development and assessment in the arts. If a reduction in programs is required under this section, no more than 40 percent of the reduction shall occur in resource center programs.

$38,000 each year is for grants according to section 124C.08. The center must provide technical assistance as necessary.

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 10. [REPEALER.]

Minnesota Statutes 1992, sections 126A.02, subdivision 1, and 126A.03, are repealed.

ARTICLE 12

MANDATE REPEALS

OMNIBUS EDUCATION MANDATE REPEAL ACT

TO PROMOTE LOCAL FLEXIBILITY AND INNOVATION IN THE CLASSROOM

Section 1. [PURPOSE.]

The legislature recognizes the need to give communities more local control over education so they can better fulfill the public school system's mission of ensuring individual academic achievement, an informed citizenry, and a highly productive work force. The purpose of this act is to repeal or modify restrictive and unnecessary mandates that hamper flexibility and innovation. The state's focus should be on performance rather than procedures. By decentralizing decision-making and emphasizing result-oriented rulemaking, this act also furthers the legislature's goal of moving from a means-based system of education to one that is accountable for outcomes.

MINNESOTA STATUTES

Sec. 2. Minnesota Statutes 1992, section 121.11, subdivision 7, is amended to read:

Subd. 7. [GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES.] The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The board shall develop a plan to attain the adopted goals. At the board's request, the commissioner may assign department of education staff to assist the board in attaining its goals. The commissioner shall explain to the board in writing any reason for refusing or delaying a request for staff assistance. ~~The board shall establish rules relating to examinations, reports, acceptances of schools,~~

~~courses of study, and other proceedings in connection with elementary and secondary schools applying for special state aid.~~ The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 3. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7b. [ADMINISTRATIVE RULES.] *The state board may adopt new rules and amend them or amend any of its existing rules only under specific authority. The state board may repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the state board from making technical changes or corrections to its rules.*

Sec. 4. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7c. [RESULTS-ORIENTED GRADUATION RULE.] *The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning high school in 1996. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.*

Sec. 5. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7d. [DESEGREGATION, INCLUSIVE EDUCATION, AND LICENSURE RULES.] *The state board may make rules relating to desegregation, inclusive education, and licensure of school personnel not licensed by the board of teaching.*

Sec. 6. Minnesota Statutes 1992, section 121.11, subdivision 12, is amended to read:

Subd. 12. [~~ADMINISTRATIVE RULES~~ *TEACHER RULE VARIANCES.*] ~~The state board may adopt new rules only upon specific authority other than under this subdivision. The state board may amend or repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management.~~ Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching, the state board of education may grant a variance to its rules governing licensure of teachers for those teachers licensed by the board of teaching. The state board may grant a variance, without the agreement of the board of teaching, to its rules governing licensure of teachers for those teachers it licenses.

Sec. 7. Minnesota Statutes 1992, section 121.14, is amended to read:

121.14 [RECOMMENDATIONS; BUDGET.]

The state board and the commissioner of education shall recommend to the governor and legislature such modification and unification of laws relating to

the state system of education as shall make those laws more readily understood and more effective in execution. ~~The state board and~~ The commissioner of education shall prepare a biennial education budget which shall be submitted to the governor and legislature, such budget to contain a complete statement of finances pertaining to the maintenance of the state department and to the distribution of state aid.

Sec. 8. Minnesota Statutes 1992, section 121.585, subdivision 2, is amended to read:

Subd. 2. [STATE BOARD DESIGNATION.] An area learning center designated by the state must be a site. ~~Up to an additional ten learning year sites may be designated by the state board of education.~~ To be designated, a district or center must demonstrate to the commissioner of education that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 9. Minnesota Statutes 1992, section 121.88, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Each school board may initiate a community education program in its district and provide for the general supervision of the program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. ~~The salaries of the directors and coordinators shall be paid by the board.~~

Sec. 10. Minnesota Statutes 1992, section 121.88, subdivision 7, is amended to read:

Subd. 7. [PROGRAM APPROVAL.] To be eligible for revenue for the program for adults with disabilities, a program and budget must receive approval from the community education section in the department of education. Approval may be for ~~one or two~~ *five* years. *During that time, a school board must report any significant changes to the department for approval.* For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. A request for approval must include all of the following:

(1) characteristics of the people to be served;

(2) description of the program services and activities;

(3) program budget and amount of aid requested;

(4) participation by adults with disabilities in developing the program;

(5) assessment of the needs of adults with disabilities; and

(6) cooperative efforts with community organizations.

Sec. 11. Minnesota Statutes 1992, section 121.904, subdivision 14, is amended to read:

Subd. 14. The ~~state board~~ *commissioner* shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 12. Minnesota Statutes 1992, section 121.906, is amended to read:

121.906 [EXPENDITURES; REPORTING.]

~~Subdivision 1.~~ School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

~~Subd. 2. [RECOGNITION OF EXPENDITURES AND LIABILITIES.]~~ There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

~~Subd. 3. [PURCHASE ORDERS OTHER THAN INVENTORY.] Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year in which the liability is incurred.~~

~~Subd. 4. Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.~~

~~Subd. 5. Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.~~

~~Subd. 6. Other payable items shall be recorded in the fiscal year in which the liability is incurred.~~

~~Subd. 7.~~ Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Sec. 13. Minnesota Statutes 1992, section 121.908, subdivision 1, is amended to read:

Subdivision 1. ~~On or before June 30, 1977,~~ Each Minnesota school district shall adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in ~~section 121.902~~ *guidelines adopted by the department of education.*

Sec. 14. Minnesota Statutes 1992, section 121.908, subdivision 2, is amended to read:

Subd. 2. Each district shall submit to the commissioner by August 15 of each year an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner ~~after consultation with the advisory council on uniform financial accounting and reporting standards~~.

Sec. 15. Minnesota Statutes 1992, section 123.34, subdivision 10, is amended to read:

Subd. 10. [PRINCIPALS.] Each public school building, as defined by section 120.05, subdivision 2, clauses (1), (2) and (3), in an independent

school district ~~shall~~ *may* 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. If pupils in kindergarten through grade 12 attend school in one building, one principal may supervise the building.

Each principal assigned the responsibility for the supervision of a school building shall hold a valid license 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. 16. Minnesota Statutes 1992, section 123.35, subdivision 1, is amended to read:

Subdivision 1. The board shall have the general charge of the business of the district, the school houses, and of the interests of the schools thereof. *The board's authority to conduct the business of the district includes implied powers in addition to any specific powers granted by the legislature.*

Sec. 17. Minnesota Statutes 1992, section 123.80, subdivision 1, is amended to read:

Subdivision 1. ~~The state board of education shall provide by rule a program of safety education for students who are transported to school.~~ Each district receiving aid under the provisions of section 124.225 shall ~~implement the program. In drafting said rules, the board shall give particular attention to procedures for loading, unloading, vehicle lane crossing and emergency evacuation procedures as they affect school buses.~~ *provide bus safety education for students who are transported to school.*

Sec. 18. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year ~~so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1~~.

Sec. 19. Minnesota Statutes 1992, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] To receive aid under this section, a district must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

(1) how the needs of different levels of learning will be met;

(2) for continuing programs, an evaluation of results;

(3) anticipated number and education level of participants;

(4) coordination with other resources and services;

(5) participation in a consortium, if any, and money available from other participants;

(6) management and program design;

(7) volunteer training and use of volunteers;

(8) staff development services;

(9) program sites and schedules; and

(10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

Adult basic education programs may be approved under this subdivision for up to ~~two~~ *five* years. ~~Two-year~~ *Five-year* program approval shall be granted to an applicant who has demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experimental learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 20. Minnesota Statutes 1992, section 124.2713, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible for community education revenue, a district must:

~~(1)~~ operate a community education program that complies with section 121.88; ~~and~~

~~(2) file a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that a meeting was held to discuss methods of increasing cooperation among the governing boards of each county, city, and township in which the district, or any part of the district, is located, and that each governing board was sent a written notice of the meeting at least 15 working days before the meeting. The failure of a governing board to attend the meeting shall not affect the authority of the district to obtain community education revenue.~~

Sec. 21. Minnesota Statutes 1992, section 125.032, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] A person who teaches in a community education program which qualifies for aid pursuant to section 124.26 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program which is offered through a community education program and which qualifies for community education aid pursuant to section 124.2713 or early childhood and family education aid pursuant to section 124.2711 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course which is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher. A person who teaches a driver training course which is offered through a community education program to persons under 18 years of age shall be licensed by the board of teaching *or be subject to section 171.35*. A license which is required for an instructor in a community education program pursuant to this subdivision shall not be construed to bring an individual within the definition of a teacher for purposes of section 125.12, subdivision 1, or 125.17, subdivision 1, clause (a).

Sec. 22. Minnesota Statutes 1992, section 125.12, subdivision 3b, is amended to read:

Subd. 3b. [~~APPLICABILITY~~ *PEER REVIEW FOR PROBATIONARY TEACHERS.*] ~~Subdivision 3a does not apply to a school district that has~~

~~formally~~ ~~adopted~~ *A school board and an exclusive representative of the teachers in the district shall develop* a probationary teacher *peer* review process ~~that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board~~ *through joint agreement.*

Sec. 23. Minnesota Statutes 1992, section 125.12, subdivision 4b, is amended to read:

Subd. 4b. [~~APPLICABILITY~~ *PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.*] ~~Subdivision 4a does not apply to a school district that has formally adopted~~ *A school board and an exclusive representative of the teachers in the district shall develop* a *peer* review process for continuing contract teachers ~~that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board~~ *through joint agreement.*

Sec. 24. Minnesota Statutes 1992, section 125.17, subdivision 2b, is amended to read:

Subd. 2b. [~~APPLICABILITY~~ *PEER REVIEW FOR PROBATIONARY TEACHERS.*] ~~Subdivision 2a does not apply to a school district that has formally adopted~~ *A school board and an exclusive representative of the teachers in the district shall develop* a probationary teacher *peer* review process ~~that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board~~ *through joint agreement.*

Sec. 25. Minnesota Statutes 1992, section 125.17, subdivision 3b, is amended to read:

Subd. 3b. [~~APPLICABILITY~~ *PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.*] ~~Subdivision 3a does not apply to a school district that has formally adopted~~ *A school board and an exclusive representative of the teachers in the district shall develop* a *peer* review process for nonprobationary teachers ~~that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board~~ *through joint agreement.*

Sec. 26. [125.706] [PREPARATION TIME.]

Beginning with agreements effective July 1, 1995, and thereafter, all collective bargaining agreements for teachers provided for under Minnesota Statutes, chapter 179A, must include provisions for preparation time or a provision indicating that the parties to the agreement chose not to include preparation time in the contract.

If the parties cannot agree on preparation time the following provision shall apply and be incorporated as part of the agreement: "Within the student day for every 25 minutes of instructional time, a minimum of five additional minutes of preparation time shall be provided to each licensed teacher. Preparation time shall be provided in one or two uninterrupted blocks during the student day. Exceptions to this may be made by mutual agreement between the district and the exclusive representative of the teachers.

Sec. 27. [125.80] [TEACHER LUNCH PERIOD.]

Each teacher shall be provided with a duty-free lunch period, scheduled according to school board policy or negotiated agreement.

Sec. 28. [126.681] [EVALUATION OF PUPIL GROWTH AND PROGRESS; PERMANENT RECORDS.]

Each school district shall provide a testing program for the purpose of measuring pupil growth and for curriculum evaluation, as well as a system for grading and making reports to parents. Each district shall develop an appropriate program of pupil progress and promotion for its elementary, middle, and secondary schools. Each district shall keep accurate and complete individual, permanent, cumulative personal records for all pupils.

Sec. 29. [126.699] [PARENTAL CURRICULUM REVIEW.]

Each school district shall have a procedure for a parent, guardian, or an adult student, 18 years of age or older, to review the content of the instructional materials to be provided to a minor child or to an adult student and, if the parent, guardian, or adult student objects to the content, to make reasonable arrangements with school personnel for alternative instruction. Alternative instruction may be provided by the parent, guardian, or adult student if the alternative instruction, if any, offered by the school board does not meet the concerns of the parent, guardian, or adult student. The school board is not required to pay for the costs of alternative instruction provided by a parent, guardian, or adult student. School personnel may not impose an academic or other penalty upon a student merely for arranging alternative instruction under this section. School personnel may evaluate and assess the quality of the student's work.

Sec. 30. Minnesota Statutes 1992, section 144.29, is amended to read:

144.29 [HEALTH RECORDS; CHILDREN OF SCHOOL AGE.]

It shall be the duty of every school nurse, school physician, school attendance officer, superintendent of schools, principal, teacher, and of the persons charged with the duty of compiling and keeping the school census records, to cause a permanent public health record to be kept for each child of school age. Such record shall be kept in such form that it may be transferred with the child to any school which the child shall attend within the state and transferred to the commissioner when the child ceases to attend school. It shall contain a record of such health matters as shall be prescribed by the commissioner, and of all mental and physical defects and handicaps which might permanently cripple or handicap the child. Nothing in sections 144.29 to 144.32 shall be construed to require any child whose parent or guardian objects in writing thereto to undergo a physical or medical examination or treatment. A copy shall be forwarded to the proper department of any state to which the child shall remove. *Each district shall assign a teacher, school nurse, or other professional person to review, at the beginning of each school year, the health record of all pupils under the assignee's direction. Growth, results of vision and hearing screening, and findings obtained from health assessments must be entered periodically on the pupil's health record.*

Sec. 31. [ENVIRONMENTAL EDUCATION.]

The advisory board established in Minnesota Statutes, section 126A.02, shall advise the commissioner of education on development of a results-oriented graduation rule.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13; 121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

MINNESOTA RULES

Sec. 33. [SCHOOL BUS SAFETY TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] *The school bus safety task force consists of 15 members appointed jointly by the commissioners of education and public safety. The membership shall include a representative of each department, a student school bus rider, a parent of a school-age child using school transportation, a representative of the Minnesota state patrol, school transportation managers, school board members, a representative of a public transit authority not affiliated with schools, and school bus mechanics, manufacturers, or other school bus industry representatives. The commissioners of education and public safety shall call the first meeting, at which a chair shall be elected.*

Subd. 2. [DUTIES.] *The task force established by subdivision 1 shall review state and federal statutes and administrative rules relating to school bus design and safety and make recommendations to eliminate duplication and otherwise streamline the regulatory scheme. The task force shall examine the feasibility of converting current administrative rules governing school bus design to guidelines administered either by the department of education or public safety.*

Subd. 3. [REPORT.] *The task force shall report to the chairs of the senate and house education committees its findings and recommendations by January 15, 1994.*

Sec. 34. [OUTCOME-BASED LICENSURE OF TEACHERS AND ADMINISTRATORS.]

Rules adopted by the state board of education and the board of teaching regarding licensure of teachers or administrators shall, to the extent possible, be outcome-based and clearly related to the results-oriented graduation rule to be implemented starting with students entering high school in 1996. The boards shall develop outcomes relating to flexible school-based organiza-

tional structures and inclusive instructional strategies. Each board shall report to the legislature on the status of its licensure rules by February 15, 1995. The reports shall explain how the rules are outcome-based and how they relate to learner outcomes for students.

Sec. 35. [DRIVER EDUCATION; COOPERATION WITH DEPARTMENT OF PUBLIC SAFETY.] *The state board shall cooperate with the department of public safety to develop a single set of rules for driver education programs, whether public, private, or commercial.*

Sec. 36. [VOCATIONAL PROGRAM STANDARDS.]

By August 1, 1996, the department of education shall develop program standards to replace rules in chapter 3505 governing approval of secondary vocational programs, including community-based cooperative vocational programs.

Sec. 37. [RULE CHANGE.]

The state board shall amend Minnesota Rules, part 3505.2400, to delete the requirement of annual submission of approval requests for secondary vocational education programs. The amendment is not subject to the rule-making provisions of chapter 14, but the state board must comply with section 14.38, subdivision 7, in adopting the amendment.

Sec. 38. [ARTS SCHOOL DEADLINE.]

The Minnesota center for arts education may extend the deadline specified in rule for admission to its high school if the school's enrollment is less than the maximum of 300.

Sec. 39. [REPEALER.]

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400; 3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6410; 8700.6800; 8700.7100; 8700.9000; 8700.9010; 8700.9020; and 8700.9030, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.2900; 3520.3000; 3520.3100; 3520.3200; 3520.3400; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111; 3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; 3520.5920; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; and 3530.7800, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; 3510.0100; 3510.0200; 3510.0300; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; chapters 3515, 3517.0100; 3517.0120; 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; 3517.4000; 3517.4100; 3517.4200; 3517.8500; 3517.8600;, and 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6900; 8700.7010; 8700.7700; 8700.7710; 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360; 8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700;

8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; 8750.4200; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

Sec. 40. [LEGISLATIVE INTENT.]

The legislature does not intend, by the repeal of the rules listed in section 39, to ratify or endorse the parts of the rules not repealed.

Sec. 41. [EFFECTIVE DATE.]

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996.

ARTICLE 13

REALIGNMENT OF RESPONSIBILITIES

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 5, is amended to read:

Subd. 5. [DESEGREGATION DISTRICT TRANSFERS.] (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the ~~state board~~ *commissioner* of education.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

(c) The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.

(d) The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.

(e) Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the application. A notification of acceptance must include the date enrollment can begin.

(f) If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with state board rules with respect to the school or program for which application was made.

(g) If an application is accepted, the parent or guardian must notify the nonresident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident

district, unless the school boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the school boards of the resident and nonresident district agree otherwise.

(h) Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.

(i) A pupil enrolled in a nonresident district under this subdivision is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(j) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(k) A district that has a desegregation plan approved by the state board of education must accept or reject each individual application in a manner that will enable compliance with its desegregation plan.

Sec. 2. Minnesota Statutes 1992, section 120.0751, is amended to read:

120.0751 [~~STATE BOARD~~ *COMMISSIONER* OF EDUCATION; ENROLLMENT EXCEPTIONS.]

Subdivision 1. The ~~state board of education~~ *commissioner* may permit a pupil to enroll in a school district of which the pupil is not a resident under this section.

Subd. 2. The pupil or the pupil's parent or guardian shall make application to the ~~state board~~ *commissioner*, explaining the particular circumstances which make the nonresident district the appropriate district of attendance for the pupil. The application must be signed by the pupil's parent or guardian and the superintendent of the nonresident district.

Subd. 3. [CRITERIA FOR APPROVAL.] In approving or disapproving the application the ~~state board~~ *commissioner* shall consider the following:

(a) if the circumstances of the pupil are similar or analogous to the exceptions permitted by section 120.075, whether attending school in the district of residence creates a particular hardship for the pupil; or

(b) if the pupil has been continuously enrolled for at least two years in a district of which the pupil was not a resident because of an error made in good faith about the actual district of residence, whether attending school in the district of residence creates a particular hardship for the pupil. If the ~~board~~ *commissioner* finds that a good faith error was made and that attending school in the district of residence would create a particular hardship for the siblings of that pupil or foster children of that pupil's parents, ~~it~~ *the commissioner* may separately approve an application for any or all of the siblings of the pupil who are related by blood, adoption, or marriage and for foster children of the pupil's parents.

Subd. 4. The ~~state board of education~~ *commissioner* shall render its

decision in each case within 60 days of receiving the application in subdivision 2.

Subd. 5. The ~~department of education~~ *commissioner* shall provide the forms required by subdivision 2. ~~The state board of education~~ *and* shall adopt the procedures necessary to implement this section.

Subd. 6. [AID.] General education aid, capital expenditure facilities aid, capital expenditure equipment aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 124A.036, subdivision 5, 124.245, subdivision 6, and 124.225, subdivision 8l.

Sec. 3. Minnesota Statutes 1992, section 120.75, is amended to read:

120.75 [HEARING.]

Subdivision 1. Prior to the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall hold a public hearing within the district upon three weeks published notice in the district's official newspaper. The local school board shall notify the ~~state board~~ *commissioner* of any fee it proposes to initiate under this section. If within 45 days of this notification, the ~~state board~~ *commissioner* does not disapprove the proposed fee, the local school board may initiate the proposed fee.

Subd. 2. The ~~state board~~ *commissioner* pursuant to the administrative procedure act, sections 14.001 to 14.69, and consistent with the general policy of section 120.72 shall have the power to specify further authorized and prohibited fees and to adopt rules for the purposes of sections 120.71 to 120.76.

Sec. 4. Minnesota Statutes 1992, section 121.15, subdivision 4, is amended to read:

Subd. 4. [CONDEMNATION OF SCHOOL BUILDINGS.] The commissioner may condemn school buildings and sites ~~that the state board of education determines~~ are *determined to be* unfit or unsafe for that use.

Sec. 5. Minnesota Statutes 1992, section 121.201, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY OF ~~BOARD~~ *COMMISSIONER*.] The ~~state board of education~~ *commissioner* shall coordinate and may pay for support services for hearing impaired persons to assure access to educational opportunities. Services may be provided to adult students who are hearing impaired and (a) have been denied access to educational opportunities because of the lack of support services or (b) are presently enrolled or (c) are contemplating enrollment in an educational program and would benefit from support services. The ~~state board~~ *commissioner* shall also be responsible for conducting in-service training for public and private agencies regarding the needs of hearing impaired persons in the adult education system.

Sec. 6. Minnesota Statutes 1992, section 121.904, subdivision 14, is amended to read:

Subd. 14. The ~~state board~~ *commissioner* shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 7. Minnesota Statutes 1992, section 121.9121, subdivision 1, is amended to read:

Subdivision 1. [~~STATE BOARD~~ *COMMISSIONER'S* AUTHORIZATION.] The ~~state board~~ *commissioner* may authorize a board to transfer money from any fund or account other than the debt redemption fund to another fund or account according to this section.

Sec. 8. Minnesota Statutes 1992, section 121.9121, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] A board requesting authority to transfer money shall apply to the ~~state board~~ *commissioner* and provide information requested. The application shall indicate the law or rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.

Sec. 9. Minnesota Statutes 1992, section 121.9121, subdivision 4, is amended to read:

Subd. 4. [APPROVAL STANDARD.] The ~~state board~~ *commissioner* may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.

Sec. 10. Minnesota Statutes 1992, 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 adopted by the ~~state board~~ *commissioner* 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) develop and maintain a plan 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 adopted by the ~~state board~~ *commissioner*.

Sec. 11. Minnesota Statutes 1992, 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~~ *commissioner* 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~~ *commissioner* with the education committees of the legislature.

When determining the amount of a subsidy grant, the ~~state board~~ *commissioner* 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 that differ in proportion to the number of districts served and the number of subsystems implemented for those districts;

(e) services provided to districts 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. 12. Minnesota Statutes 1992, section 121.936, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE SYSTEMS; ~~STATE BOARD~~ *COMMISSIONER.*] Upon approval of the proposal by the ~~state board~~ *commissioner* the district may proceed in accordance with its approved proposal. Except as provided in section 121.931, subdivision 5, an alternative system approved pursuant to this subdivision shall be developed and purchased at the expense of the district. Notwithstanding any law to the contrary, when an alternative system has been approved by the ~~state board~~ *commissioner*, another district may use the system without ~~state board~~ approval *of the commissioner*. A district which has submitted a proposal for an alternative system which has been disapproved may not submit another proposal for that fiscal year, but it may submit a proposal for the subsequent fiscal year.

Sec. 13. Minnesota Statutes 1992, section 121.936 subdivision 4a, is amended to read:

Subd. 4a. The ~~department of education~~ *commissioner* shall develop and implement an alternative reporting system for submission of financial data in summary form. This system shall accommodate the use of a microcomputer finance system to be developed and maintained by the ~~department of education~~ *commissioner*. The alternative reporting system must comply with sections 121.90 to 121.917. The provisions of this subdivision shall not be construed to require the department to purchase computer hardware nor to prohibit the department from purchasing services from any regional management information center ~~or the Minnesota educational computing consortium~~.

Sec. 14. Minnesota Statutes 1992, section 122.241, subdivision 3, is amended to read:

Subd. 3. [COMBINATION REQUIREMENTS.] Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of education, of enrollment at least at that level for five years;

(2) at least two districts if either:

(i) both of the districts qualify for secondary sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

(ii) the combined district qualifies for secondary sparsity revenue;

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; or

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (2), (3), or (4) must be approved by the ~~state board~~ *commissioner* of education. The ~~state board~~ *commissioner* shall disapprove a combination under clause (2), (3), or (4) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 15. Minnesota Statutes 1992, section 122.243, subdivision 1, is amended to read:

Subdivision 1. [~~STATE BOARD~~ *COMMISSIONER* APPROVAL.] Before submitting the question of combining school districts to the voters at a referendum, the cooperating districts shall submit the proposed combination to the ~~state board~~ *commissioner* of education. The ~~state board~~ *commissioner* shall determine the date for submission and may require any information it determines necessary. The ~~state board~~ *commissioner* shall disapprove the proposed combination if it is educationally unsound, will not reasonably enable the combined district to fulfill statutory and rule requirements, or if the plan or modifications are incomplete. If disapproved by the ~~state board~~ *commissioner*, the referendum shall be postponed, but not canceled, by the school boards.

Sec. 16. Minnesota Statutes 1992, section 122.247, subdivision 3, is amended to read:

Subd. 3. [TRANSITIONAL LEVY.] The board of the combined district, or the boards of combining districts that have received voter approval for the combination under section 122.243, subdivision 2, may levy for the expenses of negotiation, administrative expenses directly related to the transition from cooperation to combination, and the cost of necessary new athletic and music uniforms. The board or boards may levy this amount over three or fewer years. All expenses must be approved by the ~~state board~~ *commissioner* of education.

Sec. 17. Minnesota Statutes 1992, section 123.35, subdivision 17, is amended to read:

Subd. 17. [SCHOOL HEALTH SERVICES.] (a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool handicapped, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

(1) employ personnel, including at least one full-time equivalent licensed school nurse or continue to employ a registered nurse not yet certified as a public health nurse as defined in section 145A.02, subdivision 18, who is enrolled in a program that would lead to certification within four years of August 1, 1988;

(2) contract with a public or private health organization or another public agency for personnel during the regular school year, determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the ~~state board of education~~ *commissioner*.

Sec. 18. Minnesota Statutes 1992, section 123.351, subdivision 6, is amended to read:

Subd. 6. [~~STATE BOARD~~ *COMMISSIONER* APPROVAL.] Prior to the commencement of the operation of any center the agreement entered into by participating districts shall be approved by the ~~state board of education~~ *commissioner*.

Sec. 19. Minnesota Statutes 1992, section 123.351, subdivision 8, is amended to read:

Subd. 8. [ADDITION AND WITHDRAWAL OF DISTRICTS.] Upon approval by majority vote of a school board, of the center board, and of the ~~state board of education~~ *commissioner*, an adjoining school district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating school district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board shall file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

Sec. 20. Minnesota Statutes 1992, section 123.351, subdivision 9, is amended to read:

Subd. 9. [EXISTING CENTERS.] Centers operating pursuant to section 471.59 which have been approved by the state board of education prior to August 1, 1974 shall be subject to its provisions except subdivision 1. Any

changes in center agreements necessary to comply with this section shall be completed within 12 months after August 1, 1974 and filed with the ~~state board~~ *commissioner* by the administrator of each center. Centers operating pursuant to Laws 1967, chapter 822, as amended, Laws 1969, chapter 775, as amended, and Laws 1969, chapter 1060, as amended shall not be subject to the provisions of this section.

Sec. 21. Minnesota Statutes 1992, section 123.3513, is amended to read:

123.3513 [ADVANCED ACADEMIC CREDIT.]

A school district shall grant academic credit to a pupil attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency other than the district, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the ~~state board of education~~ *commissioner* shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the ~~state board of education~~ *commissioner*. The ~~state board's~~ *commissioner's* decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Sec. 22. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the ~~state board of education~~ *commissioner*, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the ~~state board of education~~ *commissioner*. The ~~state board's~~ *commissioner's* decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 23. Minnesota Statutes 1992, section 123.3514, subdivision 8, is amended to read:

Subd. 8. [TRANSPORTATION.] A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The ~~state board of education~~ *commissioner* shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school and the nearest post-secondary institution times ten. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec. 24. Minnesota Statutes 1992, section 123.58, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the ~~state board of education~~ *commissioner* and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the ~~state board of education~~ *commissioner* as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees, composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board ~~of education~~ and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the ~~state board of education~~ *commissioner* by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 25. Minnesota Statutes 1992, section 123.58, subdivision 7, is amended to read:

Subd. 7. [APPOINTMENT OF AN ADVISORY COUNCIL.] There shall be an advisory council selected to give advice and counsel to the ECSU board of directors. This council shall be composed of superintendents, central office personnel, principals, teachers, parents, and lay persons. Nonpublic school administrative units are encouraged to participate on the council to the extent allowed by law. A plan detailing procedures for selection of membership in this council shall be submitted by the ECSU board of directors to the ~~state board of education~~ *commissioner*.

Sec. 26. Minnesota Statutes 1992, section 123.58, subdivision 8, is amended to read:

Subd. 8. [EDUCATIONAL PROGRAMS AND SERVICES.] Pursuant to subdivision 6, and rules of the state board of education, the board of directors of each operational ECSU shall submit annually a plan to the public school districts within the ECSU, the nonpublic school administrative units, and the ~~state board of education~~ *commissioner*. The plan shall identify the programs and services which are suggested for implementation by the ECSU during the following school year and shall contain components of long range planning determined by the ECSU in cooperation with the ~~state board of education~~ *commissioner* and other appropriate agencies. The ~~state board of education~~ *commissioner* may review and recommend modification of the proposed plan and conduct ongoing program reviews. These programs and services may include, but are not limited to, the following areas:

(a) Administrative services and purchasing

(b) Curriculum development

(c) Data processing

(d) Educational television

(e) Evaluation and research

(f) In-service training

(g) Media centers

(h) Publication and dissemination of materials

(i) Pupil personnel services

(j) Regional planning, joint use of facilities, and flexible and year-round school scheduling

(k) Secondary, post-secondary, community, adult, and adult vocational education

(l) Individualized instruction and services, including services for students with special talents and special needs

(m) Teacher personnel services

(n) Vocational rehabilitation

(o) Health, diagnostic, and child development services and centers

(p) Leadership or direction in early childhood and family education

(q) Community services

(r) Shared time programs.

Sec. 27. Minnesota Statutes 1992, 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~~ *commissioner*. 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~~ *commissioner* in accordance with rules adopted by the state board of education pursuant to chapter 14. The ~~state board of education~~ *commissioner* 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.

(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. 28. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish the revenue and expenditure budgets submitted to the commissioner ~~of education~~ in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year

and projected fund balances for the current year in a form prescribed by the ~~state board of education~~ *commissioner* after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 29. Minnesota Statutes 1992, section 123.932, subdivision 7, is amended to read:

Subd. 7. "Intermediary service area" means a school administrative unit approved by the ~~state board of education~~ *commissioner*, other than a single school district, including but not limited to the following: (a) an educational cooperative service unit; (b) a cooperative of two or more school districts; (c) learning centers; or (d) an association of schools or school districts.

Sec. 30. Minnesota Statutes 1992, section 123.947, is amended to read:

123.947 [USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.]

(a) The ~~department of education~~ *commissioner* 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~~ *commissioner*. 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 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 nonpublic 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 of education~~ *commissioner* 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. 31. Minnesota Statutes 1992, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the ~~state board~~ *commissioner*, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 32. Minnesota Statutes 1992, section 124.10, subdivision 1, is amended to read:

Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the ~~state board~~ *commissioner* to the commissioner of finance, who thereupon shall draw warrants on the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 33. Minnesota Statutes 1992, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The ~~state board~~ *commissioner* shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the ~~state board~~ *commissioner* shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A or 16B. The commissioner ~~of education~~ shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 34. Minnesota Statutes 1992, section 124.14, subdivision 4, is amended to read:

Subd. 4. [FINAL DECISION AND RECORDS.] A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the ~~state board~~ *commissioner*, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 35. Minnesota Statutes 1992, section 124.17, subdivision 2c, is amended to read:

Subd. 2c. Notwithstanding subdivision 2, in cases when school is in session but pupils are prevented from attending for more than 15 consecutive school days during the regular school year or five consecutive school days during summer school or intersession classes of flexible school year programs, because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the ~~state board~~ *commissioner*, upon application, may allow the district

to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

Sec. 36. Minnesota Statutes 1992, section 124.223, subdivision 3, is amended to read:

Subd. 3. [SECONDARY VOCATIONAL CENTERS.] State transportation aid is authorized for transportation to and from a ~~state board~~ *commissioner* 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.

Sec. 37. Minnesota Statutes 1992, section 124.2725, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A school district is eligible for cooperation and combination revenue if it has a plan approved by the ~~state board of education~~ *commissioner* according to section 122.243.

Sec. 38. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION.] If the ~~state board~~ *commissioner* disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal $50 times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been $50 times the actual pupil units. If the aid is insufficient to recover the entire amount, the ~~department of education~~ *commissioner* shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been $50 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.

Sec. 39. Minnesota Statutes 1992, section 124.276, subdivision 3, is amended to read:

Subd. 3. [~~STATE BOARD~~ *COMMISSIONER* APPROVAL.] The ~~state board~~ *commissioner* may approve plans and applications for districts throughout the state for career teacher aid. Application procedures and deadlines shall be established by the ~~state board~~ *commissioner*.

Sec. 40. Minnesota Statutes 1992, section 124.48, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The ~~state board~~ *commissioner*, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the ~~board~~ *commissioner*, has the capabilities to benefit from further education. Scholarships shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholar-

ships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 41. Minnesota Statutes 1992, section 124.573, subdivision 3, is amended to read:

Subd. 3. [COMPLIANCE WITH RULES.] Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the ~~state department of education~~ *commissioner* and operated in accordance with rules promulgated by the state board ~~of education~~. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board ~~of education~~ shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board ~~of education~~. Licensed personnel means persons holding a valid secondary vocational license issued by the ~~department of education~~ *commissioner*, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the ~~department of education~~ *commissioner* or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 42. Minnesota Statutes 1992, section 124.625, is amended to read:

124.625 [VETERANS TRAINING.]

The ~~state board of education~~ *commissioner* shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the ~~state board~~ *commissioner* to pay the necessary expenses of operation of the program. The ~~state board~~ *department of education* shall act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans training revolving fund and is appropriated to the ~~state board~~ *department* for those purposes.

Sec. 43. Minnesota Statutes 1992, section 124A.27, subdivision 2, is amended to read:

Subd. 2. [STATE ASSISTANCE.] The ~~state board of education and the~~ commissioner ~~of education~~ shall provide assistance to school boards offering the programs enumerated in this section. The ~~state board or~~ commissioner may establish an advisory committee for any program area. Technical assistance shall be provided commensurate with school board and district needs. State board ~~of education~~ rules apply to all programs or portions of programs offered.

Sec. 44. Minnesota Statutes 1992, section 125.185, subdivision 6, is amended to read:

Subd. 6. The ~~state board of education~~ *commissioner* shall provide all necessary materials and assistance for the transaction of the business of the board of teaching and all moneys received by the board of teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 125.01 to 125.187 which are incurred by the board of teaching shall be paid for from appropriations made to the board of teaching.

Sec. 45. Minnesota Statutes 1992, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The *commissioner and the* state ~~boards of education and~~ *board of* technical colleges may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 46. Minnesota Statutes 1992, section 126.239, subdivision 3, is amended to read:

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils in public and nonpublic schools whose circumstances make state payment advisable. The ~~state board of education~~ *commissioner* shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the ~~state board~~ *commissioner*. The ~~state board~~ *commissioner* may also determine the circumstances under which the fee is subsidized, in whole or in part. The ~~state board~~ *commissioner* shall determine procedures for state payments of fees.

Sec. 47. Minnesota Statutes 1992, section 126.267, is amended to read:

126.267 [TECHNICAL ASSISTANCE.]

The ~~state board of education~~ *commissioner* shall provide technical assistance to school districts receiving aid pursuant to section 124.273 and to post-secondary institutions for preservice and in-service training for bilingual education teachers and English as a second language teachers employed in educational programs for limited English proficient students, teaching methods, curriculum development, testing and testing mechanisms, and the development of instructional materials for these educational programs.

Sec. 48. Minnesota Statutes 1992, section 126.52, subdivision 8, is amended to read:

Subd. 8. [TECHNICAL ASSISTANCE.] The ~~state board~~ *commissioner* shall provide technical assistance to school districts, schools and post-secondary institutions for preservice and in-service training for American Indian education teachers and teacher's aides, teaching methods, curriculum development, testing and testing mechanisms, and the development of materials for American Indian education programs.

Sec. 49. Minnesota Statutes 1992, section 126.52, subdivision 9, is amended to read:

Subd. 9. [APPLICATION FOR FUNDS.] The ~~state board~~ *commissioner* shall apply for money which may be available under federal programs for American Indian education, including funds for administration, demonstration projects, training, technical assistance, planning and evaluation.

Sec. 50. Minnesota Statutes 1992, section 126.54, subdivision 1, is amended to read:

Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the state board of education shall make grants to no fewer than six American Indian language and culture education programs. At least three programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, or alternative schools. The ~~state board~~ *commissioner* shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 51. Minnesota Statutes 1992, section 126.56, subdivision 4a, is amended to read:

Subd. 4a. [ELIGIBLE PROGRAMS.] A scholarship may be used only for an eligible program. To be eligible, a program must:

(1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;

(2) not be offered for credit to post-secondary students;

(3) not provide remedial instruction;

(4) meet any other program requirements established by the state board of education and the higher education coordinating board; and

(5) be approved by the ~~state board of education~~ *commissioner*.

Sec. 52. Minnesota Statutes 1992, section 126.56, subdivision 7, is amended to read:

Subd. 7. [ADMINISTRATION.] The ~~state board of education and the~~ higher education coordinating board *and commissioner* shall determine the time and manner for scholarship applications, awards, and program approval.

Sec. 53. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 [STATE CURRICULUM ADVISORY COMMITTEE.]

The ~~commissioner~~ *state board* shall appoint a state curriculum advisory committee of 11 members to advise ~~the state board~~ *it* and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, *higher education*, parents, teachers, administrators, *business,* and school board members. ~~Each member shall be a present or past member of a district curriculum advisory committee.~~ The state committee shall provide information and recommendations about at least the following:

(1) department procedures for reviewing and approving reports and disseminating information;

(2) exemplary PER processes;

(3) recommendations for improving the PER process and reports; and

(4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires as provided in section 15.059, subdivision 5.

Sec. 54. Minnesota Statutes 1992, section 126A.07, subdivision 1, is amended to read:

Subdivision 1. [COOPERATION AND SUPPORT.] The director shall cooperate with and support the environmental education program developed by the state board ~~of education~~ and the ~~department of education~~ *commissioner*.

Sec. 55. Minnesota Statutes 1992, section 128A.024, subdivision 2, is amended to read:

Subd. 2. [VARIOUS LEVELS OF SERVICE.] The academies must provide their pupils with the levels of service defined in ~~state board~~ rules *of the state board.*

ARTICLE 14

REFERENCES TO REPEALED LAW

Section 1. Minnesota Statutes 1992, 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 1992, section 89.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF PLANTING.] The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 shall include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, and afforestation and reforestation on public or private lands of any kind, but shall not include the raising of fruit for human consumption or planting for purely ornamental purposes ~~other than in connection with an environmental education program as provided in section 126.111~~. It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

Sec. 3. Minnesota Statutes 1992, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE DISABLED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of

the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education aid for the child. ~~The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision.~~ Tuition received by the state board, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

(d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for children with a disability shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(e) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (d) for providing appropriate educational programs to pupils attending the applicable school.

(f) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 4. Minnesota Statutes 1992, section 121.11, subdivision 5, is amended to read:

Subd. 5. [UNIFORM SYSTEM OF RECORDS AND OF ACCOUNTING.] The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system ~~adopted pursuant to section 121.902~~. With the cooperation of the state auditor, the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 5. Minnesota Statutes 1992, section 121.908, subdivision 6, is amended to read:

Subd. 6. A school district providing early retirement incentive payments under section 125.611, severance pay under section 465.72, or health insurance benefits to retired employees under section 471.61, must account for the payments according to uniform financial accounting and reporting standards ~~adopted for Minnesota school districts pursuant to section 121.902~~.

Sec. 6. Minnesota Statutes 1992, section 121.932, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION FROM CHAPTER 14.] ~~Except as provided in section 121.931, subdivision 8,~~ The annual data acquisition calendar and the essential data elements are exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.

Sec. 7. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish ~~the~~ revenue and expenditure budgets ~~submitted to the commissioner of education in accordance with section 121.908, subdivision 4,~~ for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 8. Minnesota Statutes 1992, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(1) general education aid authorized in sections 124A.23 and 124B.20;

(2) secondary vocational aid authorized in section 124.573;

(3) special education aid authorized in section 124.32;

(4) secondary vocational aid for children with a disability authorized in section 124.574;

(5) aid for pupils of limited English proficiency authorized in section 124.273;

(6) transportation aid authorized in section 124.225;

(7) community education programs aid authorized in section 124.2713;

(8) adult education aid authorized in section 124.26;

(9) early childhood family education aid authorized in section 124.2711;

(10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

(11) ~~education district aid according to section 124.2721;~~

~~(12)~~ secondary vocational cooperative aid according to section 124.575;

~~(13)~~ *(12)* assurance of mastery aid according to section 124.311;

~~(14)~~ *(13)* individual learning and development aid according to section 124.331;

~~(15)~~ *(14)* homestead credit under section 273.13 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(16)~~ *(15)* agricultural credit under section 273.132 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(17)~~ *(16)* homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2;

~~(18)~~ *(17)* attached machinery aid authorized in section 273.138, subdivision 3; and

~~(19)~~ *(18)* alternative delivery aid authorized in section 124.322.

(b) 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. 9. Minnesota Statutes 1992, section 124.195, subdivision 8, is amended to read:

Subd. 8. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.]

One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~special education residential aid according to section 124.32, subdivision 5;~~ special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 10. Minnesota Statutes 1992, section 124.2711, subdivision 2, is amended to read:

Subd. 2. [POPULATION.] For the purposes of subdivision 1, data reported to the department of education ~~according to the provisions of section 120.095~~ may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Sec. 11. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, ~~5,~~ and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable, multiplied by 1.03. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03.

Sec. 12. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, ~~5,~~ and 10, multiplied by 1.03. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 2, ~~5,~~ and 10, for the same fiscal year.

Sec. 13. Minnesota Statutes 1992, section 126.54, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL REQUIREMENTS.] Each school district receiving a grant under this section shall each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian language and culture education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. ~~This count may be part of the school census required pursuant~~

~~to section 120.095.~~ Participating schools shall maintain records concerning the needs and achievements of American Indian children served.

Sec. 14. Minnesota Statutes 1992, section 127.20, is amended to read:

127.20 [VIOLATIONS; PENALTIES.]

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120.101, subdivision 5, ~~or by~~ a ~~policy adopted under section 120.101, subdivision 5a,~~ to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any such child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than $50, or by imprisonment for not more than 30 days. All fines, when collected, shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 15. Minnesota Statutes 1992, section 136C.04, subdivision 6, is amended to read:

Subd. 6. [ACCOUNTING AND REPORTING STANDARDS.] The state board shall maintain the uniform financial accounting and reporting system according to the provisions of sections ~~121.90~~ *121.904* to 121.917~~, except that reports required by section 121.908 must be submitted to the state board on dates determined by the state board~~. All expenditures and revenue related to summer session credit courses must be recognized in the fiscal year in which the course begins.

Sec. 16. [INSTRUCTIONS TO REVISOR.]

(a) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, delete the reference listed in column B.

Column A	*Column B*
121.904, subd. 4a	*124.2721, subd. 3*
121.904, subd. 4e	*124.2721*
121.904, subd. 4e	*124.2721, subd. 3*
124.155, subd. 1	*124.912, subd. 5*
124.2725, subd. 13	*124.2721*
273.1398, subd. 6	*124.2721*
274.20, subd. 2	*124.2721*

(b) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, change the reference listed in column B to the reference listed in column C.

Column A	*Column B*	*Column C*
16B.43	*121.937*	*121.936*
120.064, subd. 8	*121.901*	*121.904*
121.93, subd. 1	*121.937*	*121.936*
121.931, subd. 1	*121.937*	*121.936*
121.935, subd. 1	*121.937*	*121.936*
121.935, subd. 2	*121.90*	*121.904*
121.936, subd. 4a	*121.90*	*121.904*
124.14, subd. 2	*121.90*	*121.904*
126.269	*126.268*	*126.267*

Sec. 17. [REPEALER.]

Minnesota Statutes 1992, sections 121.93, subdivision 5; 124.195, subdivision 13; and 128B.03, subdivision 2, are repealed.

ARTICLE 15

Section 1. Minnesota Statutes 1992, section 124A.029, subdivision 4, is amended to read:

Subd. 4. [PER PUPIL REVENUE OPTION.] A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, ~~1991~~ *1993*, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, ~~1992~~ *1993*. The department shall convert a district's revenue for fiscal year ~~1994~~ *1995* and later years as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year ~~1993~~ *1994* by the district's ~~1992-1993~~ *1993-1994* actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, the authority expires ~~July 1, 1997~~ *June 30, 1997*, unless it is scheduled to expire sooner.

Sec. 2. [DECLINING PUPIL UNIT AID.]

(a) For fiscal year 1994 only, a school district is eligible for declining pupil unit aid equal to the greater of zero or the result of the following computation:

(1) add 77 percent of the district's actual pupil units for fiscal year 1994 and 23 percent of the district's actual pupil units for fiscal year 1993;

(2) subtract from the amount calculated in clause (1) the district's actual pupil units for fiscal year 1994; and

(3) multiply the amount determined in clause (2) by the basic formula allowance for that year.

(b) The aid amount calculated under paragraph (a) is available from the general education appropriation under article 1, section 41, subdivision 2, to the department of education for payment of declining pupil unit aid.

Sec. 3. [FISCAL YEAR 1996 AND FISCAL YEAR 1997 APPROPRIATIONS.]

The appropriations for the 1996-1997 biennium for programs contained in this bill will be $2,770,488,000 for fiscal year 1996 and $2,953,102,000 for fiscal year 1997, plus or minus any adjustments due to variance in pupil forecasts, levies or other factors generating entitlements for the general revenue program established in Minnesota Statutes, section 124A.04. These amounts will first be allocated to fully fund the general revenue program.

Amounts remaining will be allocated to other programs in proportion to the fiscal year 1995 appropriations or the entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1995 appropriations. Any amounts remaining after allocation to these other programs may be maintained in a reserve account pending recommendations of the governor and legislature in the 1995 session.

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 education; prekindergarten through grade 12; providing for general education revenue; transportation; special programs; community programs; facilities; organization and cooperation; commitment to excellence; other education programs; miscellaneous provisions; libraries; state agencies; and realignment of responsibilities; mandate repeals; conforming references to repealed law; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 6.65; 89.35, subdivision 2; 120.06, subdivision 3; 120.062, subdivisions 5 and 9; 120.0621; 120.064, subdivisions 1, 3, 4, 5, 8, 9, 11, 16, 18, 21, and by adding a subdivision; 120.0751; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivisions 2, 3, 7a, 11a, 11b, 12, 14, 15, and by adding subdivisions; 120.73, subdivision 1; 120.75; 121.11, subdivisions 5, 7, 12, and by adding subdivisions; 121.14; 121.15, subdivision 4; 121.16, subdivision 1, and by adding a subdivision; 121.201, subdivision 1; 121.585, subdivision 2; 121.612, subdivisions 2 and 4; 121.831; 121.88, subdivisions 1 and 7; 121.882, subdivision 2b; 121.904, subdivisions 4a and 14; 121.906; 121.908, subdivisions 1, 2, and 6; 121.912, subdivision 6, and by adding a subdivision; 121.9121, subdivisions 1, 2, and 4; 121.931, subdivision 5; 121.932, subdivision 3; 121.935, subdivisions 2 and 5; 121.936, subdivisions 4 and 4a; 122.22, by adding a subdivision; 122.23, subdivision 18, and by adding a subdivision; 122.241, subdivision 3; 122.242, subdivision 9; 122.243, subdivisions 1 and 2; 122.247, subdivision 3; 122.895, subdivision 2, and by adding subdivisions; 123.33, by adding a subdivision; 123.34, subdivisions 9 and 10; 123.35, subdivisions 1 and 17; 123.351, subdivisions 6, 8, and 9; 123.3513; 123.3514, subdivisions 5, 6, 6b, 6c, and 8; 123.36, by adding a subdivision; 123.39, by adding subdivisions; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, 4, and 5; 123.7045; 123.71, subdivision 1; 123.80, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 123.951; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.155, subdivision 2; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1, 4, and 5; 124.195, subdivisions 8, 9, and 10; 124.2131, subdivision 1; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, 7e, and 10; 124.226, subdivisions 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, 8, and by adding a subdivision; 124.244, subdivision 1; 124.245, subdivision 6; 124.248, subdivision 4; 124.26, subdivisions 1c and 2; 124.2601, subdivisions 4 and 6; 124.2615, subdivisions 2 and 3; 124.2711, subdivisions 1, 2, 2a, and by adding a subdivision; 124.2713, subdivisions 2, 5, 6, and by adding subdivisions; 124.2714; 124.2716; 124.2725, subdivisions 1, 2, 4, 5, 6, 9, 10, and 13; 124.2727; 124.273, subdivision 1b, and by adding a subdivision; 124.276, subdivision 3; 124.32, subdivisions 1b, 1d, and by adding subdivisions; 124.321, subdivisions 1 and 2; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 124.37; 124.38, by adding a subdivision;

124.431, subdivisions 1, 1a, 2, and 14; 124.48, subdivisions 1 and 3; 124.494, subdivisions 1, 2, and by adding a subdivision; 124.573, subdivision 2b; 124.574, subdivision 2b, and by adding subdivisions; 124.625; 124.73, subdivision 1; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.85, subdivisions 1, 4, and 5; 124.91, subdivisions 3 and 5; 124.912, subdivisions 2, 3, and by adding a subdivision; 124.914, by adding a subdivision; 124.916, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.029, subdivision 4; 124A.03, subdivisions 1c, 1f, 1g, and by adding a subdivision; 124A.036, subdivision 5; 124A.04, subdivision 2; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivisions 1 and 5; 124A.24; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.291; 124A.70; 124C.08, subdivisions 1 and 2; 124C.09; 125.032, subdivision 2; 125.05, subdivision 1a; 125.12, subdivisions 3b and 4b; 125.138; 125.17, subdivisions 2b and 3b; 125.185, subdivisions 4 and 6; 125.1885, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, 4, and 8; 126.239, subdivision 3; 126.267; 126.52, subdivisions 8 and 9; 126.54, subdivisions 1 and 3; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70; 126A.07, subdivision 1; 127.15; 127.20; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 128B.10, subdivision 1; 128C.02, by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 136C.04, subdivision 6; 144.29; 144.4165; 171.29, subdivision 2; 273.13, subdivision 23; 273.1398, subdivisions 1 and 2a; 275.065, subdivision 6; 275.48; 298.28, subdivision 4; 471.88, by adding a subdivision; 473F.02, by adding a subdivision; 475.61, subdivision 3; and 609.685, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; and 128A; repealing Minnesota Statutes 1992, sections 120.095; 120.101, subdivisions 5a and 5b; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6, 13, 15, and 16; 121.165; 121.19; 121.49; 121.585, subdivision 3; 121.609; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.93, subdivision 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936, subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.19, subdivisions 1, 1b, 6, and 7; 124.195, subdivision 13; 124.2721; 124.2725, subdivision 8; 124.32, subdivision 5; 124.331; 124.332; 124.333; 124.573, subdivisions 2c and 2d; 124.575, subdivisions 2 and 4; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 124.912, subdivisions 4 and 5; 124A.27, subdivision 1; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 125.185, subdivision 4a; 126.02; 126.025; 126.031; 126.06; 126.08; 126.09; 126.111; 126.112; 126.12, subdivision 2; 126.20, subdivision 4; 126.22, subdivision 2a; 126.24; 126.268; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.03; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; 126A.12; 128B.03, subdivision 2; and 145.926."

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

House Conferees: (Signed) Kathleen Vellenga, Becky Kelso, Gerald J. "Jerry" Bauerly, Lyndon R. Carlson, Leroy Koppendrayer

Senate Conferees: (Signed) Lawrence J. Pogemiller, Jane Krentz, Sandra L. Pappas, Tracy L. Beckman, Jerry R. Janezich

CALL OF THE SENATE

Mr. Pogemiller imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 350 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. 350 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 14, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kiscaden	Moe, R.D.	Sams
Anderson	Flynn	Knutson	Morse	Samuelson
Beckman	Frederickson	Krentz	Murphy	Solon
Benson, J.E.	Hanson	Kroening	Neuville	Spear
Berg	Hottinger	Laidig	Pappas	Stevens
Berglin	Janezich	Langseth	Pariseau	Stumpf
Bertram	Johnson, D.E.	Larson	Piper	Vickerman
Betzold	Johnson, D.J.	Lesewski	Pogemiller	Wiener
Cohen	Johnson, J.B.	Lessard	Price	
Day	Johnston	Luther	Ranum	
Dille	Kelly	Merriam	Reichgott	

Those who voted in the negative were:

Belanger	Marty	Mondale	Olson	Runbeck
Benson, D.D.	McGowan	Novak	Riveness	Terwilliger
Chandler	Metzen	Oliver	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Benson, D.D. moved that his name be stricken as a co-author to S.F. No. 607. The motion prevailed.

Ms. Flynn moved that her name be stricken as chief author, shown as a co-author, and the name of Mr. Pogemiller be added as chief author to S.F. No. 607. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 443 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 443: A bill for an act relating to taxation; abolishing certain local government levy limitations; amending Minnesota Statutes 1992, sections 12.26, subdivision 2; 18.022, subdivision 2; 18.111, subdivision 1; 88.04,

subdivision 3; 103B.635, subdivision 2; 103B.691, subdivision 2; 103G.625, subdivision 3; 138.053; 164.04, subdivision 3; 164.05, subdivision 1; 174.27; 193.145, subdivision 2; 237.35; 268A.06, subdivision 2; 375.167, subdivision 1; 375A.13, subdivision 2; 383A.03, subdivision 4; 383A.411, subdivision 5; 383B.245; 383C.42, subdivision 1; 398.16; 410.06; 412.251; 412.531, subdivision 1; 449.06; 449.08; 450.19; 459.06, subdivision 1; 459.14, subdivision 2; 465.54; 469.053, subdivision 7; 469.188; 471.191, subdivision 2; 471.24; 471.57, subdivision 1; 471.61, subdivisions 1 and 2a; and 473.711, subdivision 2; Laws 1933, chapter 423, section 2; Laws 1943, chapters 196, section 6, as amended; 367, section 1, as amended; 510, section 1; Laws 1947, chapters 224, section 1; 340, section 4; Laws 1949, chapters 215, section 2; 252, section 1; and 668, section 1; Laws 1953, chapters 154, section 3; and 545, section 2; Laws 1957, chapters 213, section 1; and 629, section 1; Laws 1959, chapters 298, section 2; 520, section 1; and 556, section 1, as amended; Laws 1961, chapters 80, section 1; 81, section 1; 82, section 1; 151, section 1; 209, section 4; 317, section 1; 352, section 1, as amended; 616, section 1, subdivision 1; and 643, section 1; Laws 1961, extra session chapter 33, section 3; Laws 1963, chapters 29, section 1; 56, section 1; 103, section 1; and 603, section 1; Laws 1965, chapters 6, section 2, as amended; 442, section 1; 451, section 2; 512, section 1, subdivision 1; 527, section 1; and 617, section 1; Laws 1967, chapters 501, section 1; 526, section 1, subdivision 3; 542, section 1, subdivision 3; 611, section 1; 660, section 2, subdivision 2; and 758, section 1; Laws 1969, chapters 192, section 1, as amended; 534, section 2; 538, section 6, as amended; 602, section 1, subdivision 2; 652, section 1; 659, section 3; and 730, section 1; Laws 1971, chapters 404, section 1; 424, section 1; 573, sections 1 and 2, as amended; and 876, section 3; Laws 1973, chapter 81, section 1; Laws 1977, chapter 61, section 8; Laws 1979, chapters 1, section 3; 303, article 10, section 15, subdivision 2, as amended; and 253, section 3; Laws 1981, chapter 281, section 1; Laws 1983, chapter 326, section 17, subdivision 1; Laws 1984, chapters 380, section 1; and 502, article 13, section 8; Laws 1985, chapters 181, section 1; 289, sections 1, 3, 5, subdivision 1, and 6, subdivision 1; Laws 1986, chapters 392, section 1; and 399, article 1, section 1, as amended; Laws 1988, chapters 517, section 1; and 640, section 3; Laws 1990, chapter 604, article 3, sections 59, subdivision 1, and 60; repealing Minnesota Statutes 1992, sections 373.40, subdivision 6; 469.053, subdivision 6; 469.107, subdivision 1; 471.1921; and 471.63, subdivision 2; Laws 1915, chapter 316, section 1, as amended; Laws 1939, chapter 219, section 1; Laws 1941, chapter 451, section 1; Laws 1961, chapters 30, section 1; 119, section 1; 276, section 1; and 439, section 1; Laws 1963, chapter 228, section 1; Laws 1971, chapters 168; 356, section 2; 515, section 1; and 770; Laws 1973, chapter 445, section 1; Laws 1974, chapter 209; Laws 1977, chapter 246; Laws 1982, chapter 523, article XII, section 8; Laws 1984, chapter 502, article 13, section 10, as amended; Laws 1986, chapter 399, article 1, section 4; Laws 1989, First Special Session chapter 1, article 5, section 50, as amended; Laws 1990, chapter 604, article 3, sections 50 and 55; and Laws 1991, chapters 3, section 2, subdivision 3; and 291, article 4, section 21.

Mr. Pogemiller moved to amend H.F. No. 443, as amended pursuant to Rule 49, adopted by the Senate April 1, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 124A.22, subdivision 6, is amended to read:

Subd. 6. [SECONDARY SPARSITY REVENUE.] A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) the formula allowance for the school year, multiplied by

(2) the secondary average daily membership of the high school, multiplied by

(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by

(4) the lesser of ~~one~~ *2.0* or the quotient obtained by dividing the isolation index minus 23 by ten.

Sec. 2. Minnesota Statutes 1992, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1991, must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first ~~$19,910~~ *$21,600*, 6 percent;

(2) On all over ~~$19,910~~ *$21,600*, but not over ~~$79,120~~ *$85,830*, 8 percent;

(3) On all over ~~$79,120~~ *$85,830, but not over $150,000*, 8.5 percent;

(4) On all over $150,000, 10 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$13,620~~ *$14,780*, 6 percent;

(2) On all over ~~$13,620~~ *$14,780*, but not over ~~$44,750~~ *$48,550*, 8 percent;

(3) On all over ~~$44,750~~ *$48,550, but not over $84,830*, 8.5 percent;

(4) On all over $84,830, 10 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~$16,770~~ *$18,190*, 6 percent;

(2) On all over ~~$16,770~~ *$18,190*, but not over ~~$67,390~~ *$73,110*, 8 percent;

(3) On all over ~~$67,390~~ *$73,110, but not over $127,750*, 8.5 percent;

(4) On all over $127,750, 10 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than $100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to $1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1991, less the deduction allowed by section 217 of the Internal Revenue Code of 1986, as amended through December 31, 1991, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1991, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 3. Minnesota Statutes 1992, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1991~~ *1993*, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1990~~ *1992*, and before January 1, ~~1992~~ *1994*. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest $10 amount. If the rate bracket ends in $5, it must be rounded up to the nearest $10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code of 1986, as amended through December 31, ~~1991~~ *1992*, except that in section 1(f)(3)(B) the word "~~1990~~ *1992*" shall be substituted for the word "~~1987~~ *1989*." For ~~1991~~ *1994*, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1990~~ *1992*, to the 12 months ending on August 31, ~~1991~~ *1993*, and in each subsequent year, from the 12 months ending on August 31, ~~1990~~ *1992*, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule"

and shall not be subject to the administrative procedure act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

Sec. 4. Minnesota Statutes 1992, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~seven~~ *7.75* percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 5. Minnesota Statutes 1992, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(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, ~~1991~~ *1992*.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals ~~seven~~ *7.75* 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. 6. Minnesota Statutes 1992, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~seven~~ *7.75* percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1) of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 7. [ESTIMATED TAX; PENALTIES AND INTEREST.]

No addition to tax, penalties, or interest may be imposed under Minnesota Statutes, chapter 289A, for an underpayment of estimated tax under Minnesota Statutes, section 289A.25, to the extent that the underpayment was created or increased by imposition of the increased tax rates under section 1 or 4. This section applies only for periods ending before July 1, 1993.

Sec. 8. [APPROPRIATION.]

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. The amounts are in addition to those appropriated in 1993 H.F. No. 350, if enacted.*

Subd. 2. [GENERAL EDUCATION.] *For general education aid:*

$20,610,000 1994

$24,976,000 1995

The 1995 appropriation includes $3,637,000 for 1994 and $21,339,000 for 1995.

Of this appropriation, $43,736,000 shall be used to increase the formula allowance. The remaining amount shall be appropriated for section 1. The increase in the formula allowance under this subdivision shall not change the equalizing factor as originally determined under 1993 H.F. No. 350, if enacted, and Minnesota Statutes, section 124A.02, subdivision 8.

Subd. 3. [GENERAL EDUCATION LEVY REDUCTION.] *$131,000,000 to reduce the general education tax rate under Minnesota Statutes, section 124A.23, for taxes payable in 1994. The reduction in the general education levy under this subdivision shall not change the equalizing factor as originally determined under 1993 H.F. No. 350, if enacted, and Minnesota Statutes, section 124A.02, subdivision 8.*

Subd. 4. [LEARNING AND DEVELOPMENT REVENUE.] *For general education aid reserved for learning and development revenue:*

$22,763,000 1994

$27,666,000 1995

The 1995 appropriation includes $4,017,000 for 1994 and $23,649,000 for 1995.

This appropriation shall be used to increase the pupil units under Minnesota Statutes, section 124.17, subdivision 1, clause (f), to 1.053 for 1994 and 1.083 for 1995. The increase in pupil units under this subdivision shall not affect the determination of any other aid as originally determined under 1993 H.F. No. 350, if enacted, and Minnesota Statutes, chapters 124 and 124A.

Sec. 9. [EFFECTIVE DATE.]

Sections 2 to 7 are effective for taxable years beginning after December 31, 1992, provided that if the appropriation contained in section 8 is not enacted into law, the provisions of sections 2 to 7 are not effective and do not become law."

Amend the title as follows:

Page 1, delete lines 2 to 46

Page 2, delete lines 1 to 29 and insert "relating to taxation; increasing certain income tax rates and using the proceeds of the tax increase to reduce school district property tax levies and to reduce class sizes; appropriating money; amending Minnesota Statutes 1992, sections 124A.22, subdivision 6; 290.06, subdivisions 2c and 2d; and 290.091, subdivisions 1, 2, and 6."

The motion prevailed. So the amendment was adopted.

H.F. No. 443 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 43 and nays 22, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Langseth	Murphy	Sams
Anderson	Hanson	Lessard	Novak	Samuelson
Beckman	Hottinger	Luther	Pappas	Solon
Berglin	Janezich	Marty	Piper	Spear
Bertram	Johnson, D.J.	Merriam	Pogemiller	Stumpf
Betzold	Johnson, J.B.	Metzen	Price	Vickerman
Chandler	Kelly	Moe, R.D.	Ranum	Wiener
Cohen	Krentz	Mondale	Reichgott	
Finn	Kroening	Morse	Riveness	

Those who voted in the negative were:

Belanger	Dille	Knutson	Oliver	Stevens
Benson, D.D.	Frederickson	Laidig	Olson	Terwilliger
Benson, J.E.	Johnson, D.E.	Larson	Pariseau	
Berg	Johnston	Lesewski	Robertson	
Day	Kiscaden	McGowan	Runbeck	

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

MOTIONS AND RESOLUTIONS – CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.06 be suspended as it relates to the Conference Committee report on S.F. No. 1496. The motion prevailed.

S.F. No. 1496 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1496

A bill for an act relating to health care and family services; the organization and operation of state government; appropriating money for human services, health, and other purposes with certain conditions; establishing and modifying certain programs; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 62A.045; 144.122; 144.123, subdivision 1; 144.215, subdivision 3; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.98, subdivision 5; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivi-

sions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.4873, subdivision 2; 245.652, subdivisions 1 and 4; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivision 8; 252.50, by adding a subdivision; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, and 22, as amended; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.0625, subdivisions 13, 13a, 15, 17, 25, 28, 29, and by adding subdivisions; 256B.0913, subdivision 5; 256B.0915, subdivision 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, by adding a subdivision; 256B.48, subdivision 1; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 1, 3g, 3i, and by adding a subdivision; 256D.03, subdivisions 3, 4, and 8; 256D.05, by adding a subdivision; 256D.051, subdivisions 1, 1a, 2, 3, and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.73, subdivision 1; 257.74, subdivision 1; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 518.156, subdivision 1; 518.551, subdivision 5; 518.64, subdivision 2; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, section 57, subdivisions 1 and 3; and Laws 1992, chapter 513, article 7, section 131; proposing coding for new law in Minnesota Statutes, chapters 136A; 245; 246; 256; 256B; 256E; 256F; 257; and 514; proposing coding for new law as Minnesota Statutes, chapters 246B; and 252B; repealing Minnesota Statutes 1992, sections 144A.071, subdivisions 4 and 5; 148B.72; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1496, 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. 1496 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "1994" and "1995" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

1993 DEFICIENCY
General
$13,286,000

APPROPRIATIONS	1994	1995	BIENNIAL TOTAL
General	$2,126,783,000	$2,249,286,000	$4,376,069,000
State Government Special Revenue	21,166,000	20,367,000	41,533,000
Metropolitan Landfill ContingencyAction Fund	191,000	204,000	395,000
Trunk Highway	1,488,000	1,510,000	2,998,000
TOTAL	2,149,628,000	2,271,367,000	4,420,995,000
REVENUE			
General	36,219,000	53,308,000	89,527,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 2. COMMISSIONER OF HUMAN SERVICES		
Subdivision 1. Appropriation by Fund		
General Fund	2,071,736,000	2,192,990,000

Federal receipts as shown in the biennial budget document to be used for financing activities, programs, and projects under the supervision and jurisdiction of the commissioner must be credited to and become a part of the appropriations provided for in this section.

The 1996-1997 general fund spending in

the department of human services is limited to $2,340,864,000 in fiscal year 1996 and $2,522,864,000 in fiscal year 1997. Expenditures in the department may exceed these estimates only if forecast caseloads increase, base forecast spending increases, acuity or casemix results in increases, or other adjustments are made in accordance with the department of finance forecast methodology. After consultation with the legislature, the commissioner of finance may also adjust these limits to recognize any errors or omissions in the workpapers used to generate the figure. If the commissioner determines in the November or March forecast for fiscal year 1996-1997 that the program expenditures will exceed the above limit, then in fiscal years 1996 or 1997 the commissioner may withhold provider payments, rateably reduce payments under the general assistance medical care program or the medical assistance program or propose statutory remedies to the legislature that will bring expenditures within this limit.

Subd. 2. Finance and Management Administration

General

$21,815,000 $20,871,000

Federal money received in excess of the estimates shown in the 1994-1995 department of human services budget document reduces the state appropriation by the amount of the excess receipts, unless the governor directs otherwise, after consulting with the legislative advisory commission.

If the amount of federal money anticipated to be received is less than the estimates shown in the 1994-1995 proposed biennial budget document for the department of human services, the commissioner of finance shall reduce the amount available from the direct appropriation by a corresponding amount. The reductions must be noted in the budget document submitted to the 79th legislature, in addition to an estimate of similar federal money anticipated for the biennium ending June 30, 1997. At the end of

fiscal years 1994 and 1995, the chairs of the human services division of the house health and human services committee and the health care and family services finance division of the senate committees on health care and family services shall receive written notification explaining these reductions.

The commissioner of human services, with the approval of the commissioner of finance and by direction of the governor after consulting with the legislative advisory commission, may transfer unencumbered appropriation balances among the aid to families with dependent children, aid to families with dependent children child care, Minnesota family investment, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, group residential housing, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

Effective the day following final enactment, the commissioner may transfer unencumbered appropriation balances for fiscal year 1993 among the aid to families with dependent children, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, with the approval of the commissioner of finance after notification of the chair of the senate family services and health care division and the chair of the house of representatives human services division.

Appropriations and federal receipts for information system projects for MAXIS, child support enforcement, and the Minnesota Medicaid information system must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the information policy office, funded by the legislature, and approved by the commissioner of finance may be transferred from

one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

Any reduction in the base for GA or GAMC attributed to the movements of clients from those programs to the work readiness pilot projects creating the work experience component shall be reinstated as part of the base in the governor's proposed budget for 1996-1997.

$75,000 is available in the fiscal year ending June 30, 1994, and $250,000 is available for the fiscal year ending June 30, 1995, for the crisis nursery program. Unexpended money appropriated for the crisis nursery program in fiscal year 1994 does not cancel but is available for fiscal year 1995.

The commissioner of human services shall establish a special revenue fund account to manage shared communication costs necessary for the operation of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual system usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time, and other direct costs as determined by the commissioner. The commissioner of human services may accept for and on behalf of the state any gift, bequest, devise, or personal property of any kind or money tendered to the state for any purpose pertaining to the communication activities of the department. Any money so received must be deposited in the state communication systems account. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

Before hardware or software valued in excess of $100,000 can be purchased by the department of human services, there

must be information policy office approval that all appropriate policies, standards, and budget review requirements and recommendations have been met.

Subd. 3. Social Services Administration

General

$68,565,000 $70,103,000

All of the fees paid to the commissioner for interpreter referral services for people with hearing impairments shall be used for direct client referral activities. None of the fees shall be used to pay for state agency administrative and support costs.

The supplemental funding for nutrition programs serving counties where congregate and home-delivered meals were locally financed prior to participation in the nutrition program of the Older Americans Act shall be awarded at no less than the same levels as in fiscal year 1993.

The Minnesota board on aging, in cooperation with the area agencies on aging and statewide senior citizen organizations, shall develop and present to the legislature by February 1, 1994, a plan for operating the Aging Ombudsman programs through grants to private, nonprofit organizations, wherever possible. The plan shall specify a request for proposals process to solicit applications for areas currently unserved by grantees. Goals of the plan and its implementation are to improve advocacy services for nursing home residents, acute care patients, and home care clients by strengthening quality, access, and independence, as well as by taking full advantage of local matching funds. The plan must include a formula and rationale for the allocation of state and federal ombudsman funds among regions within the state.

For the purpose of transferring certain persons from the SILS program to the home and community-based waivered services program for persons with mental retardation or related conditions, the amount of funds transferred between the semi-independent living services (SILS) account or the state community social services account and the state medical

assistance account shall be based on each county's participation in transferring persons to the waivered services program. No person for whom these funds are transferred shall be required to obtain a new living arrangement, notwithstanding Minnesota Statutes, section 252.28, subdivision 3, paragraph (4), and Minnesota Rules, parts 9525.1800, subpart 25a, and 9525.1869, subpart 6. When supported living services are provided to persons for whom these funds are transferred, the commissioner may substitute the licensing standards of Minnesota Rules, parts 9525.0500 to 9525.0660, for parts 9525.2000 to 2525.2140, if the services remain nonresidential as defined in Minnesota Statutes, section 245A.02, subdivision 10. For the purpose of Minnesota Statutes, chapter 256G, when a service is provided under these substituted licensing standards, the status of residence of the recipient of that service shall continue to be considered excluded time.

Contingent upon federal approval of expanding eligibility for home and community-based services for persons with mental retardation or related conditions, the commissioner shall reduce the state semi-independent living services (SILS) payments to each county by the total medical assistance expenditures for nonresidential services attributable to former SILS recipients transferred by the county to the home and community-based services program for persons with mental retardation or related conditions. Of the reduced SILS payments determined above, the commissioner shall transfer to the state medical assistance account an amount equal to the nonfederal share of the nonresidential services under the home and community-based services for persons with mental retardation or related conditions. Of the remaining reduced SILS payments, 80 percent shall be returned to the SILS grant program to provide additional SILS services and 20 percent shall be transferred to the general fund.

An additional $20,000 each year is appropriated from the children's trust fund to the special revenue fund for administra-

tion and indirect costs of the children's trust fund program.

From the money appropriated in this subdivision, the commissioner shall transfer $25,000 to the commissioner of trade and economic development to be used for an area action planning grant to a city which has at least 30 percent renter-occupied housing. The planning grant must address an area within the city containing at least 20 percent of the city's population and at least three percent of its land. The median household income of the area must be 80 percent of the county median, or less. The residential buildings in the area must be at least 50 percent renter-occupied and at least 50 percent of them must have been built before 1970.

The commissioner of human services shall study and report on the adequacy and effectiveness of investigations of child maltreatment in day care centers licensed under Minnesota Rules, parts 9503.0005 to 9503.0175. The commissioner shall report back to the legislature by February 1, 1994, with recommendations on whether the county or state agency should conduct such investigations. In preparing the study, the commissioner shall consult with providers and representatives of county social service agencies.

$54,000 of the funds appropriated to the commissioner of human services for operation of the Early Childhood Care and Education Council under Minnesota Statutes, section 256H.195, shall be used to enable the commissioner to contract with the greater Minneapolis day care association to establish a pilot program for training child care workers. The program shall be subject to the provisions of Minnesota Statutes, chapter 178, regarding masters and apprentices, including but not limited to, the requirements for an apprenticeship agreement, the approval and registration of apprenticeship programs, and the certification of completion of apprenticeship.

The pilot project shall be designed to provide (1) in-service training, (2) coursework, and (3) salary upgrades, for

child care workers employed in facilities licensed by the commissioner of human services under Minnesota Rules, chapters 9502 and 9503. Projects shall be designed to train child care workers to qualify as assistant teachers, teachers, and in-service trainers or mentors, in a sequenced professional development program. The commissioner shall evaluate the pilot projects and shall present a report to the legislature by February 15, 1995.

The report shall contain recommendations on the feasibility of establishing a statewide program for training child care workers.

Of this appropriation, $250,000 is available for the planning and design stage for the social services information system, which shall include:

(a) general requirements definition for the county-based system and the state system;

(b) detailed design specifications;

(c) system life cycle analysis, including detailed analysis of system size and scope during its life cycle; and

(d) implementation plan, including detailed estimates of costs to implement and operate the system.

The department shall prepare a report to the legislature in January 1994 specifying the costs required to implement and operate the system and the federal financial participation rates expected, and seeking approval for continuation of development and implementation.

Of this appropriation, $100,000 each year is for a grant to the New Chance demonstration project that provides comprehensive services to young AFDC recipients who became pregnant as teenagers and dropped out of high school. The commissioner shall provide an annual report on the progress of the demonstration project, including specific data on participant outcomes in comparison to a control group that received no services. The commissioner shall also include recommendations on whether strategies or methods that have proven successful in the demon-

stration project should be incorporated into the STRIDE employment program for AFDC recipients.

Of the appropriation for aging services grants, $50,000 each year is to increase the appropriation for home delivered meals.

Of this appropriation, $3,500,000 is for collaboratives to be spent as follows: (1) $1,500,000 in fiscal year 1994 for planning grants to collaboratives, to be awarded according to procedures published by the children's cabinet; and (2) $1,000,000 each year of the biennium for implementation grants to collaboratives that have plans approved by the children's cabinet. The commissioner may transfer any unspent portion of the appropriation for planning grants to the fiscal year 1995 appropriation for program grants with the approval of the commissioner of finance. None of this appropriation shall become part of the base for the 1996-1997 biennium.

Subd. 4. Health Care Administration

General

$1,370,722,000 $1,514,593,000

Notwithstanding Minnesota Statutes, section 13.03, subdivision 5, the rate-setting computer program except the edits and screens for nursing home payment rates is not trade secret information and is public data not on individuals. If a person requests this data, the commissioner of human services shall require the requesting person to pay no more than the actual costs of searching for and retrieving the data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public data from not public data.

Medical assistance and general assistance medical care payments for mental health services provided by masters-prepared mental health professionals, except services provided by community mental health centers, shall be 75 percent of the rate paid to doctoral-prepared profession-

als for fiscal year 1994 and shall be 80 percent of the rate paid to doctoral-prepared professionals for fiscal year 1995.

Money appropriated for preadmission screening and the alternative care program for fiscal year 1995 may be used for these purposes in fiscal year 1994.

In the event that a large community-based facility licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds, but not certified as an intermediate care facility for persons with mental retardation or related conditions, closes and alternative services for the residents are necessary, the commissioner may transfer on a quarterly basis to the state medical assistance account from each affected county's community social service allocation an amount equal to the state share of medical assistance reimbursement for such residential and day habilitation services funded by the medical assistance program and provided to clients for whom the county is financially responsible.

The commissioner is authorized to collect information from providers of ICF/MR, MR waiver, SILS, and day training and habilitation services regarding the total compensation paid to individuals who claim reimbursement of all or part of that compensation in any of those programs, including non-Minnesota services for developmentally disabled, if that individual's total compensation is in excess of $50,000. The information shall be provided in a manner specified by the commissioner within 90 days of its request.

For this purpose, an individual's total compensation includes wages, salary, wages or salaries from consultant contracts whether or not from related organizations, board of director fees, bonuses, deferred compensation, retirement plans such as IRA's, pension, and profit sharing plans, fringe benefits such as life insurance and health insurance, or other employee benefits such as use of a vehicle. The commissioner shall also collect the hours worked by the individual, the number facilities or programs served and the

number of clients served within those facilities or programs by the individual.

The commissioner shall collect this information for calendar years 1992 and 1993, and shall analyze and report the results of this study to the legislature on January 31, 1994, and January 31, 1995, respectively. If the total compensation information is not provided either in the manner specified by the commissioner or within 90 days of the commissioner's request, the commissioner shall reduce that provider's payment rates by 5 percent until the information is provided. Upon submittal of the information, the commissioner shall retroactively reinstate the provider's 5 percent payment rate reductions.

The nonfederal share of the costs of case management services provided to persons with mental retardation or related conditions who are relocated from nursing facilities as required by federal law and who receive home- and community-based services that are funded through the waiver granted under section 1915(c)(7)(B) of the Social Security Act may be provided from state-appropriated funding for medical assistance grants. The division of cost is subject to Minnesota Statutes, section 256B.19, and the services are included as covered programs and services under Minnesota Statutes, section 256.025, subdivision 2.

Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that Minnesota is out of compliance with Public Law Number 102-234 or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner of human services shall appeal the determination to the fullest extent permitted by law and may rateably reduce all medical assistance and general assistance medical care payments to providers other than the

state of Minnesota by a like amount in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any rateable reductions taken.

Effective for money received on or after March 25, 1993, and during the biennium ending June 30, 1995, the state share of the settlement from the Sandoz company clozaril litigation shall be dedicated to the commissioner of human services to supplement the HIV drug program that is funded through the federal Ryan White Act and is available until expended.

The pharmacy dispensing fee shall be $4.10 per prescription.

Medical assistance inpatient rates identified in Minnesota Statutes, sections 256.9685 to 256.9695, shall be increased as follows: for inpatient admissions to (1) a children's hospital, nine percent; (2) a public hospital with calendar year 1991 noncapitation medical assistance inpatient dollar volume in excess of 13 percent of total calendar year 1991 noncapitation medical assistance inpatient dollar volume, six percent; and (3) a teaching hospital operated by the University of Minnesota and having calendar year 1991 noncapitation medical assistance inpatient dollar volume in excess of eight percent of total calendar year 1991 noncapitation medical assistance dollar volume, three percent. For the purposes of this paragraph, a children's hospital is defined as one that is engaged in furnishing services to inpatients who are predominantly individuals under 18 years of age.

Up to $40,000 of the appropriation for preadmission screening and alternative care for fiscal year 1994 may be transferred to the health care administration account to pay the state's share of county claims for conducting nursing home assessments for persons with mental illness or mental retardation as required by Public Law Number 100-203.

Money appropriated in fiscal year 1994 for the administration and handling of

vaccinations purchased from the Centers for Disease Control shall be transferred to the commissioner of health and is available until expended. The administration and handling must be done in a cost-effective manner, either by using existing storage capacity at the department of health, or by contracting out to a private vendor.

For the fiscal year ending June 30, 1994, a newly constructed or newly established intermediate care facility for the mentally retarded that is developed and financed during that period shall not be subject to the equity requirements in Minnesota Statutes, section 256B.501, subdivision 11, paragraph (d), or in Minnesota Rules, part 9553.0060, subpart 3, item F, provided that the provider's interest rate does not exceed the interest rate available through state agency tax-exempt financing.

For the fiscal year ending June 30, 1994, if a facility which is in receivership under Minnesota Statutes, section 245A.12 or 245A.13, is sold to an unrelated organization: (a) notwithstanding Minnesota Statutes, section 256B.501, subdivision 11, the facility shall be considered a new facility for rate setting purposes; and (b) the facility's historical basis for the physical plant, land, and land improvements for each facility must not exceed the prior owner's aggregate historical basis for these same assets for each facility. The allocation of the purchase price between land, land improvements, and physical plant shall be based on the real estate appraisal using the depreciated replacement cost method.

The preadmission screening payment to a county not participating in projects under Minnesota Statutes, section 256B.0917, shall be the greater of the county's fiscal year 1993 payment or the county's fiscal year 1993 estimate as provided to the commissioner of human services by February 15, 1992. Counties participating in projects under Minnesota Statutes, section 256B.0917, and that did not receive an inflation adjustment for fiscal year 1993 shall receive a one-time five percent

inflation adjustment to the payment that they were allotted in fiscal year 1993.

The commissioner of human services shall grant inflation adjustments for nursing facilities with rate years beginning during the biennium according to Minnesota Statutes, section 256B.431, subdivision 21, and shall grant inflation adjustments for intermediate care facilities for persons with mental retardation or related conditions with rate years beginning during the biennium according to Minnesota Statutes, section 256B.501, subdivision 3c.

Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are not provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Notwithstanding statutory provisions to the contrary, the commissioner of human services shall increase reimbursement rates for the following by three percent for the fiscal year ending June 30, 1995: nursing services and home health aide services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services, and nursing supervision of personal care services, under Minnesota Statutes, section 256B.0625, subdivision 19a; private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; home- and community-

based services waiver for persons with mental retardation and related conditions under Minnesota Statutes, section 256B.501; community alternatives for disabled individuals waiver under Minnesota Statutes, section 256B.49; community alternative care waiver under Minnesota Statutes, section 256B.49; home- and community-based services waiver for the elderly under Minnesota Statutes, section 256B.0915; alternative care program under Minnesota Statutes, section 256B.0913; traumatic brain injury waiver under Minnesota Statutes, section 256B.093; adult residential program grants, under rule 12, under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants, under rules 14 and 78, under Minnesota Rules, parts 9535.1700 to 9535.1760; day training and habilitation services for adults with mental retardation and related conditions under Minnesota Statutes, sections 252.40 to 252.47; and semi-independent living services under Minnesota Statutes, section 252.275.

$25,000 is appropriated for the biennium to the commissioner of human services for a planning grant for the 30-bed hospital located in Chisago county.

The commissioner shall implement a point-of-sale electronic claims management system to process claims for medical assistance payment from pharmacy providers. The system must be able to perform on-line, real-time eligibility verifications, and enhanced claims data capture, for pharmacy providers by January 31, 1994. No later than 60 days after that date the system must be able to perform on-line real-time adjudication of pharmacy claims. If the system is not able to perform the claims adjudication within 60 days after January 31, 1994, the commissioner must, as soon as possible thereafter, enter into a contract with a private vendor for a similar system.

The commissioner of human services may implement demonstration projects designed to create alternative delivery systems for acute and long-term care services to elderly and disabled persons

which provide increased coordination, improve access to quality services, and mitigate future cost increases. Before implementing the projects, the commissioner must provide information regarding the projects to the appropriate committees of the house and senate.

Money appropriated for the interagency long-term care planning committee (INTERCOM) activity may be transferred among all agencies specified in Minnesota Statutes, section 144A.31, subdivision 1, with the approval of the members and the commissioner of finance.

The commissioner shall study modifications to Minnesota Rules, parts 9553.0010 to 9553.0080, governing the reimbursement system for intermediate care facilities for persons with mental retardation, and shall solicit advice from the public, including provider groups, advocates, and legislators when developing rule amendments. The commissioner shall report to the legislature by January 31, 1994, on the status of revision to these rule parts.

Community social services act grant funds for case management shall be increased by $600,000 and the medical assistance account shall be decreased by the total amount appropriated to the medical assistance account for the purposes of preplacement planning for persons with mental retardation or related conditions.

The commissioner shall study and report to the legislature by February 1, 1994, recommendations on the feasibility of developing a Medicaid inpatient hospital payment system similar to the current Medicare methodology. The study shall examine at least the following reimbursement options: (1) Medicare diagnostic related grouping methodology, (2) reimbursement of small volume Medicaid providers on a percentage-of-charges basis rather than on a prospective basis; (3) equitable methods for reimbursing the additional costs incurred by teaching hospitals, children's hospitals, and high-volume Medicaid hospitals; and (4) contracting with an outside agency for the administration of the Medicaid program.

The study shall also develop a plan to combine the medical assistance inpatient hospital reimbursement system with the reimbursement system to be developed by the health care commission. The commissioner shall establish a task force including department staff, hospital industry representatives, and health care commission representatives to assist with the preparation of the report and recommendations. The report shall include recommendations on the feasibility of implementing a new reimbursement system on July 1, 1994, and an estimate of the cost or savings associated with any recommended changes.

The commissioner may not adjust hospital reimbursement rates to provide a new hospital payment for short length of stay mental health patients without the prior approval of the legislature unless the adjustment will result in budget savings.

The commissioner shall apply to the federal government for a waiver from Code of Federal Regulations, parts 441.206 and 441.256, which require certain attachments be included with Medicaid provider billings, in order to enable the commissioner to allow providers to submit most or all bills electronically.

The commissioner shall allocate money for home and community-based services to meet the needs of developmentally disabled individuals on the following priority basis: (1) to serve individuals on county waiting lists; and (2) to serve individuals who have been screened for discharge from regional treatment centers. In allocating waiver slots to counties under Minnesota Statutes, sections 256B.092 and 256B.501, the commissioner shall ensure that at least as many individuals are served from county waiting lists as the net census reduction from regional treatment centers.

The commissioner of finance shall transfer $50,000 in fiscal year 1994 and $50,000 in 1995 from the department of human services' training budget to the state technical college system. This transfer is to be used for customized training of staff who work directly with persons with

developmental disabilities. Any unexpended money shall revert to the general fund.

Effective for services rendered on or after July 1, 1993, the current medical assistance payment rate for ambulance services shall be increased by three percent.

Money appropriated for a peer grouping study in fiscal year 1994 but not expended does not cancel but is available for this purpose in fiscal year 1995.

Subd. 5. Family Self-Sufficiency Administration

General

$350,863,000 $327,109,000

Effective the day following final enactment, the appropriation in Laws 1991, chapter 292, article 1, section 2, subdivision 4, is increased by $13,286,000. Of this amount, $13,186,000 is to cover MAXIS operating deficiencies in fiscal year 1993 and $100,000 is to be transferred to the department of administration information policy office for an independent information system review of MAXIS. The appropriation to the information policy office does not cancel but shall be available until June 30, 1994. The review shall determine if operating expenses can be reduced, if distributed processing can be used, and if system performance can be improved. Findings of the review shall be reported to the legislature by February 1, 1994.

The commissioner shall set the monthly standard of assistance for general assistance and work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at $203.

Federal food stamp employment and training funds received for the work readiness program are appropriated to the commissioner to reimburse counties for work readiness service expenditures.

Of the appropriation for aid to families with dependent children, the commissioner shall provide supplementary grants

not to exceed $200,000 a year for aid to families with dependent children. The commissioner shall include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; and replacements of furnishings and essential major appliances.

Any federal money remaining from receipt of state legalization impact assistance grants, after reimbursing the department of education for actual expenditures, must be deposited in the aid to families with dependent children account.

Unexpended money appropriated for (1) project STRIDE work experience activities under Minnesota Statutes, section 256.737; (2) work readiness employment and training services; (3) the Minnesota family investment plan; or (4) the child support restructuring initiative for fiscal year 1994 does not cancel but is available for fiscal year 1995.

Of the appropriation for child support enforcement, $2,570,000 in fiscal year 1994 and $3,233,000 in fiscal year 1995 is for implementation of the child support restructuring initiative. Unexpended funds for fiscal year 1994 do not cancel but are available to the commissioner for fiscal year 1995.

The commissioner may accept on behalf of the state any gift or bequest of money tendered to the state for the purpose of financing an evaluation of the Minnesota family investment plan. Any money so received must be deposited in the MFIP evaluation account in the department and is appropriated to the commissioner for financing of this evaluation.

For the food stamp program error rate sanction for federal fiscal year 1986, the commissioner is granted an exception to the provisions of Minnesota Statutes, section 256.01, subdivision 2, clause (14), requiring allocation of sanctions to county human service agencies.

Payments to the commissioner from other governmental units and private enter-

prises for services performed by the issuance operations center shall be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. The payments so received by the commissioner are appropriated for the purposes of that section for the operation of the issuance center, and are to be used according to the provisions of that section.

The commissioner of the department of human services is authorized to receive Hennepin county conversion contributions of $400,000 per year in calendar years 1994 and 1995 to be used for the expansion of electronic benefit transfer systems to Hennepin county. Money received from the county shall be added to the appropriation. Money received will be applied directly to project costs and shall not cancel, but shall remain available for expenditure until expansion is complete.

The commissioner may accept assignment of an existing contract for electronic benefit transfer services, under terms and conditions approved by the attorney general. The term of any contract assigned to the state may not extend beyond June 30, 1995, and the commissioner must publish a request for proposals for succeeding electronic benefit services in the State Register before January 1, 1995.

The commissioner shall prepare materials for submission to the secretary of the United States Department of Health and Human Services and to the Minnesota congressional delegation to urge the congress to amend federal law to permit payment of AFDC benefits to otherwise eligible families with children in foster care, as was permitted prior to 1986 under Title IV-E of the Social Security Act.

The commissioner shall submit electronic benefit transfer project plans to the information policy office for its review and approval. The plans shall include an evaluation of the Ramsey county system and a life cycle analysis of the project. The department shall examine ways to share network development and operating costs with businesses participating in the electronic benefits program, and ways that the

system can be used for the delivery of other government services.

Beginning July 1, 1993, the commissioner of human services shall develop an intensive training program for county workers who do general assistance intake work. The program shall be designed to provide county workers with expertise in implementing the restrictions on eligibility in general assistance that will take effect on October 1, 1993. Those restrictions will affect the eligibility of undocumented aliens and nonimmigrants for these programs. The training programs must be provided to all county social workers who do general assistance intake. The programs shall include training in the following: federal immigration law, state and federal human rights and civil rights standards, and multi-cultural awareness and sensitivity. The commissioner shall report to the legislature by February 15, 1994, on the status of these training programs.

Effective the day following final enactment, fiscal year 1993 appropriations made to the commissioner of human services for computer projects may be transferred between operations and development. A transfer under this paragraph may be made at the discretion of the commissioner, but must not be made to any project not previously approved by the commissioner of finance and the information policy office.

For the fiscal year ending June 30, 1995, $268,000 is transferred from the general assistance grants and $195,000 is transferred from the MSA grants to Hennepin county social services grants. This amount represents group residential housing payments for 32 persons receiving services in Hennepin county from a provider that on August 1, 1984, was licensed under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a group residence under general assistance or Minnesota supplemental aid. These 32 beds are to be permanently removed from the group residential census and not replaced by other group residential housing agreements.

Subd. 6. Mental Health and Regional Treatment Center Administration

General

$259,771,000 $260,314,000

For purposes of restructuring the regional treatment centers and state nursing homes, any regional treatment center or state nursing home employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. All salary and mitigation allocations from fiscal year 1994 shall be carried forward into fiscal year 1995. Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and in Minnesota Statutes, section 252.50, subdivision 11, and not through layoff.

If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 1994-95 biennium were based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waivered services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

The commissioner of human services is prohibited from transferring any building on the campus of the Faribault regional treatment center to any other state agency, or from declaring any building or acreage on the campus to be surplus, unless specifically authorized to do so by the legislature.

The commissioner may determine the need for conversion of a state-operated home and community-based service program to a state-operated intermediate care facility for persons with mental retarda-

tion if the conversion will produce a net savings to the state general fund and the persons receiving home and community-based services choose to receive services in an intermediate care facility for persons with mental retardation. After the commissioner has determined the need to convert the program, the commissioner of health shall certify the program as an intermediate care facility for persons with mental retardation if the program meets applicable certification standards.

Of the state enhanced waiver slots authorized for regional treatment center downsizing, 32 in fiscal year 1994 and an additional 36 in fiscal year 1995 shall be for state-operated services. Of these a minimum of eight in fiscal year 1994 and an additional four in fiscal year 1995 shall be utilized by the Cambridge Regional Treatment Center and a minimum of eight in fiscal year 1994 and an additional four in fiscal year 1995 shall be utilized at the Fergus Falls regional treatment center.

Of the enhanced waiver slots authorized for the Faribault regional treatment center, 64 shall be for state-operated services.

Of the enhanced waiver slots authorized for the Moose Lake regional treatment center, 12 shall be for state-operated services.

Any unexpended appropriations from the regional treatment center supplements for state enhanced waiver slots shall be transferred into the regional treatment center salary account.

The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

Wages for project labor may be paid by the commissioner of human services out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short-term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers

are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance shall transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

Money is appropriated from the mental health special projects account for adults and children with mental illness from across the state, for a camping program which utilizes the Boundary Waters Canoe Area and is cooperatively sponsored by client advocacy, mental health treatment, and outdoor recreation agencies.

Of this appropriation, $560,000 the first year is for children's integrated mental health grants. Any money not expended in the first year is available the second year. The three positions to provide technical assistance to counties are unclassified.

Funds received by the commissioner of human services from the state lottery director shall be used for the compulsive gambling treatment programs authorized by Minnesota Statutes, section 245.98, subdivision 2, including programs operated at the following facilities: St. Mary's hospital, Minneapolis; Gamblers Choice, Intervention Institute, Minneapolis; Upper Mississippi Health Service, Bemidji; Gamestar, St. Cloud; Lake Superior Area Family Services, Duluth; and Project Turnabout, Granite Falls. In determining the amount of money to be given to each

facility the commissioner shall consider the projected number of clients to be served, quality of services and whether the treatment will be inpatient or outpatient.

Of the appropriation for compulsive gambling treatment programs and the council on compulsive gambling under Minnesota Statutes, section 349.212, subdivision 2, $25,000 each year shall be designated for the Minnesota council on compulsive gambling for the development of an information gathering and dissemination network. Any money allocated or contributed for the compulsive gambling treatment programs does not cancel but shall be available for compulsive gambling treatment programs.

The legislature recognizes that orderly transfer of buildings at the Moose Lake regional center from the commissioner of human services to the commissioner of corrections is necessary to assure the welfare of vulnerable persons, to facilitate a shared campus, and to abide by legislated policies concerning the future of regional treatment centers and state correctional facilities.

In accordance with legislative policies, the transfer of buildings at the Moose Lake regional center from the commissioner of human services to the commissioner of corrections during fiscal year 1994 shall be carried out as follows:

(1) The commissioner of human services shall transfer buildings at the Moose Lake campus housing persons with mental illness and psychogeriatric patients to the commissioner of corrections upon the commencement of planning and design for construction of a 100-bed psychopathic personality treatment facility at the Moose Lake regional treatment center;

(2) buildings that house developmentally disabled persons may be transferred by the commissioner of human services to the commissioner of corrections when the commissioner of human services certifies that all persons with developmental disabilities from the Moose Lake regional center have been placed in appropriate

community-based programs and that at least 12 of the same residents have been placed in state operated community services; and

(3) buildings housing programs for chemically dependent persons at the Moose Lake regional center may be transferred by the commissioner of human services to the commissioner of corrections after alternative facilities for state operated chemical dependency programs have been located off campus in the Moose Lake catchment area and all program residents and staff have been relocated to the new state operated community-based program.

Construction on the 100 unit facility at Moose Lake for psychopathic personality patients may not be commenced until after construction has been commenced on the 50 bed facility at St. Peter, except that this limitation shall not restrict site preparation. The commissioner of administration shall report to the legislature by February 1, 1994, on the progress on both of the authorized facilities for psychopathic personality patients and other bonding projects related to regional treatment centers.

It is the intent of the legislature that the transfer of vulnerable persons, construction of the psychiatric hospital, and the conversion of existing buildings at Moose Lake for use by the department of corrections shall be coordinated in order to minimize any disruptive impact on the care and treatment of vulnerable persons.

$50,000 is appropriated for the biennium to the commissioner of human services for costs associated with establishing a consolidated financial record management facility at the Cambridge regional treatment center. This facility must be operational by July 1, 1994. By July 1, 1994, the commissioner shall report to the legislature on other opportunities to consolidate department records at the regional treatment center.

The transfer of the hospital building at the Faribault regional treatment center to the department of administration, to the de-

partment of corrections, or to any other state agency, may take place only after alternative, state-operated, skilled nursing facility, or intermediate care facility for persons with mental retardation and infirmary space has been developed for residents of the Faribault regional treatment center.

Agreements between the commissioner of corrections and the commissioner of human services concerning operation of a correctional facility on the Moose Lake regional treatment center campus shall include provisions for the utilization of the regional laundry facilities at the Brainerd regional treatment center.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation			54,162,000	53,469,000
Summary by Fund				
General	37,723,000	37,787,000		
Metropolitan Landfill Contingency Action Fund	191,000	204,000		
State Government Special Revenue	14,760,000	13,968,000		
Trunk Highway	1,488,000	1,510,000		

The appropriation from the Metropolitan Landfill Contingency Action Fund is for monitoring well water supplies and conducting health assessments in the metropolitan area.

The appropriation from the trunk highway fund is for emergency medical services activities.

Subd. 2. Health Protection			16,741,000	15,825,000
Summary by Fund				
General	7,124,000	6,978,000		
State Government Special Revenue	9,448,000	8,665,000		
Metropolitan Landfill Contingency Action Fund	169,000	182,000		

Of this appropriation, $150,000 is an increase for lead activities and programs of which $25,000 must be used to provide safe housing, under Minnesota Statutes, section 144.874, subdivision 4, to meet the relocation requirements of residential

lead abatement and $25,000 must be used to provide grants to nonprofit community-based organizations in areas at high risk for toxic lead exposure, for lead cleanup equipment and material grants under Minnesota Statutes, section 144.872, subdivision 4.

Of this appropriation, $40,000 is appropriated each year to maintain lead inspector services outside the seven-county metropolitan area.

Of this appropriation, $75,000 is for a grant to the World Health Organization collaborating center for reference and research on streptococci at the University of Minnesota to conduct a study to determine the efficacy of conducting throat cultures for evidence of streptococcal infection in selected symptomatic students. The study must be conducted in four schools, one of which is in rural Minnesota and one of which is in a core city. The study must be conducted with students in grades K-12.

Subd. 3. Health Care Resources and Systems			3,680,000	3,671,000
Summary by Fund				
General	350,000	350,000		
State Government Special Revenue	3,330,000	3,321,000		

Of this appropriation, $75,000 is appropriated each year to the commissioner of health for the purposes of occupational analysis under Minnesota Statutes, chapter 214. The commissioner may convene an advisory committee to assist in developing recommendations.

Any efforts undertaken by the Minnesota departments of health or human services to conduct periodic educational programs for nursing home residents shall build on and be coordinated with the resident and family advisory council education program established in Minnesota Statutes, section 144A.33.

Notwithstanding the provisions of Minnesota Statutes, sections 144.122 and 144.53, the commissioner of health shall increase the annual licensure fee charged

to a hospital accredited by the joint commission on accreditation of health care organizations by $520 and shall increase the annual licensure fee charged to non-accredited hospitals by $225.

Notwithstanding the provisions of Minnesota Statutes, sections 144.122, 144.53, and 144A.07, a health care facility licensed under the provisions of Minnesota Statutes, chapter 144 or 144A, may submit the required fee for licensure renewal in quarterly installments. Any health care facility requesting to pay the renewal fees in quarterly payments shall make the request at the time of license renewal. Facilities licensed under the provisions of Minnesota Statutes, chapter 144, shall submit quarterly payments by January 1, April 1, July 1, and October 1 of each year. Nursing homes licensed under Minnesota Statutes, chapter 144A, shall submit the first quarterly payment with the application for renewal, and the remaining payments shall be submitted at three-month intervals from the license expiration date. The commissioner of health can require full payment of any outstanding balance if a quarterly payment is late. Full payment of the annual renewal fee will be required in the event that the facility is sold or ceases operation during the licensure year. Failure to pay the licensure fee is grounds for the non-renewal of the license.

The commissioner shall adjust the fees for hospital licensure renewal in such a way that fees for hospitals not accredited by the joint commission on accreditation of health care organizations are capped at $2,000, plus $100 per bed. Any loss of revenue that results from this cap must be evenly distributed to hospitals which are accredited by the joint commission.

The commissioner shall report to the chairs of the house of representatives health and housing finance division and the senate health and family services finance division by January 1, 1995, on progress in developing a revised cost allocation system to determine licensing fees for health care facilities and shall

recommend language to modify hospital and nursing home fees accordingly.

Effective the day following final enactment, in the event that the commissioner of health is ordered by a court or otherwise agrees to assume responsibility for the handling of patient's medical records from a closed hospital, such records shall be considered as medical data under the provisions of Minnesota Statutes, section 13.42, subdivision 3. The commissioner of health is authorized to handle and to provide access to these records in accordance with the provisions of Minnesota Statutes, sections 145.30 to 145.32 and 144.335. A written certification by the commissioner of health or the commissioner's designee that a photographic or photostatic copy of a record is a complete and correct copy shall have the same force and effect as a comparable certification of an officer or employee in charge of the records of the closed hospital. Costs incurred for the handling of these records pursuant to Minnesota Statutes, sections 145.30 to 145.32, shall be considered as a lien on the property of the closed hospital in accordance with the provisions of Minnesota Statutes, section 514.67. At the commissioner of health's discretion, all or a portion of this lien may be released in consideration for payment of a reasonable portion of the costs incurred by the commissioner. Any costs incurred by the commissioner for the handling of or providing access to the medical records must be recovered through charges for the access to records under Minnesota Statutes, section 144.335. The commissioner may contract for services for the handling of the medical records pursuant to Minnesota Statutes, sections 145.30 to 145.32, and for the provision of access to these records. Any revenues received by the commissioner through collections from the closed hospital or from charges for access shall be used to cover any contractual costs. Any remaining money shall be deposited into the state government special revenue fund.

Minnesota Rules, parts 4655.1070 to 4655.1098, as in effect on September 1,

1989, are adopted as an emergency rule of the department of health. The commissioner of health shall publish in the State Register a notice of intent to adopt Minnesota Rules, parts 4655.1070 to 4655.1098 [Emergency]. The same notice shall be mailed to all persons registered with the agency to receive notice of any rulemaking proceedings. The emergency rule is exempt from the requirements of Minnesota Statutes, sections 14.32 to 14.35, and shall take effect five working days after publication in the State Register. Those rules shall govern the process for granting exceptions to the moratorium on nursing homes under Minnesota Statutes, section 144A.073, during the biennium.

Subd. 4. Health Delivery Systems	29,648,000	29,822,000

Summary by Fund

General	28,242,000	28,394,000
Trunk Highway	1,406,000	1,428,000

Of this appropriation, $4,200,000 is an increase over the base for the WIC program.

$150,000 in fiscal year 1995 is appropriated to the ambulance service personnel longevity award and incentive trust account. Of this appropriation, $40,000 is appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health to administer the ambulance service personnel longevity award and incentive program. Of this appropriation, $45,000 is appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health to redesign and consolidate the volunteer ambulance attendant reimbursement database, to establish the database for the personnel longevity award and incentive program, and to purchase computer equipment for fiscal year 1995.

General fund appropriations for the women, infants and children food supplement program (WIC) are available for either year of the biennium. Transfers of appropriations between fiscal years must

be for the purpose of maximizing federal funds or minimizing fluctuations in the number of participants.

When cost effective, the commissioner may use money received for the services for children with handicaps program to purchase health coverage for eligible children.

In the event that Minnesota is required to comply with the provision in the federal maternal and child health block grant law, which requires 30 percent of the allocation to be spent on primary services for children, federal funds allocated to the commissioner of health under Minnesota Statutes, section 145.882, subdivision 2, may be transferred to the commissioner of human services for the purchase of primary services for children covered by MinnesotaCare. The commissioner of human services shall transfer an equal amount of the money appropriated for MinnesotaCare to the commissioner of health to assure access to quality child health services under Minnesota Statutes, section 145.88.

General fund appropriations for treatment services in the services for children with handicaps program are available for either year of the biennium.

Up to $50,000 of the appropriation for treatment services in the services for children with handicaps program may be used to conduct a needs assessment of children with special health care needs and their families, and $105,000 must be used to avoid reducing the nursing staff due to inflationary increases to the extent possible with this appropriation.

Of this appropriation, $50,000 is to establish and administer a financial data collection program on ambulance services licensed in the state. The commissioner shall coordinate this program with the data collection initiatives of Minnesota Statutes, chapter 62J. In designing the data collection program, the commissioner shall consult with the Minnesota Ambulance Association and regional emergency medical services programs.

The financial data collection program must include, but is not limited to, ambulance charges, third-party reimbursements, sources of direct and indirect subsidies, and other costs involved in providing ambulance care in Minnesota.

All licensed ambulance services shall be required to cooperate and report information requested by the commissioner. Information collected on individuals is nonpublic data. The commissioner may provide summary data under Minnesota Statutes, section 13.05, subdivision 7, and may release summary data in reports.

The commissioner shall report to the legislature by February 1, 1995. The report must include an analysis of the financial condition of licensed ambulance services in Minnesota, including a description of:

(1) the various organization models used to finance and deliver ambulance services;

(2) the factors influencing the total revenues, rates charged, operational and other expenses;

(3) limitations and barriers in collecting data on revenues and expenses;

(4) the range of revenues collected and rates charged by type of organizational model and by region of the state;

(5) any other significant findings relevant to the financial condition of ambulance services in the state.

The commissioner may contract for the collection of data and the creation of the financial data collection system. The commissioner shall report to the legislature on January 15 in each odd-numbered year all of the above information. The commissioner shall assist ambulance services which are unable to comply with data requests. Money appropriated is available in either year of the biennium. For purposes of establishing the base for the next biennium, the commissioner of finance shall assume $70,000 to be available for each biennium.

The commissioner may sell at market value, all nonsmoking or tobacco use prevention advertising materials. Proceeds from the sale of the advertising materials are appropriated to the department of health for its nonsmoking program.

Effective the day following final enactment, fiscal year 1993 appropriations for emergency medical technician training reimbursement under Minnesota Statutes, section 144.8091, do not cancel and are available until expended.

Subd. 5. Health Support Services			4,093,000	4,151,000
Summary by Fund				
General	2,007,000	2,065,000		
Metropolitan Landfill Contingency Action Fund	22,000	22,000		
Trunk Highway	82,000	82,000		
State Government Special Revenue	1,982,000	1,982,000		

Sec. 4. VETERANS NURSING HOMES BOARD	15,877,000	17,063,000

The board may set costs of care at the Silver Bay and Luverne facilities based on costs of average skilled nursing care provided to residents of the Minneapolis veterans home.

The veterans homes board shall limit the total administrative expenditures for the board and all the homes to no more than 17 percent of total expenditures in fiscal year ending June 30, 1994, and 16 percent of total expenditures in fiscal year ending June 30, 1995. The board may transfer money between facilities after notifying the chairs of the health and housing finance division of the health and human services committee in the house of representatives and the chair of the health and family services finance division in the senate.

The veterans homes board shall conduct an alternative site study for the Minneapolis veterans home.

Of this appropriation, $100,000 in fiscal year 1995 is for an information system. All information policy office require-

ments must be met before hardware and software are purchased.

The commissioner of health shall not apply the provisions of Minnesota Statutes, section 144.55, subdivision 6, paragraph (b), to the Minnesota veterans home at Hastings.

The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home in lieu of presentation to the legislature of building needs and options by the veterans homes board of directors.

Sec. 5. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation	6,406,000	6,399,000

The appropriations in this section are from the state government special revenue fund.

A board named in this article may transfer appropriated funds to the health-related licensing board administrative services unit within the board of chiropractic examiners for additional administrative support services.

The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account, if the amount transferred does not exceed the amount of surplus revenue accumulated by the transferee during the previous five years.

Subd. 2. Board of Chiropractic Examiners	368,000	368,000

Of this appropriation from the state government special revenue fund, $63,000 the first year and $63,000 the second year is to provide administrative services to all health-related licensing boards.

Subd. 3. Board of Dentistry	665,000	652,000
Subd. 4. Board of Marriage and Family Therapy	94,000	94,000
Subd. 5. Board of Medical Practice	2,045,000	2,045,000

Subd. 6. Board of Nursing	1,501,000	1,504,000
Subd. 7. Board of Nursing Home Administrators	171,000	171,000
Subd. 8. Board of Optometry	71,000	72,000
Subd. 9. Board of Pharmacy	600,000	602,000
Subd. 10. Board of Podiatry	30,000	30,000
Subd. 11. Board of Psychology	315,000	315,000
Subd. 12. Board of Social Work	438,000	438,000
Subd. 13. Board of Veterinary Medicine	108,000	108,000
Sec. 6. COUNCIL ON DISABILITY	566,000	566,000
Sec. 7. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	881,000	880,000

Sec. 8. CARRYOVER LIMITATION

None of the appropriations in this act which are allowed to be carried forward from fiscal year 1994 to fiscal year 1995 shall become part of the base level funding for the 1995-1997 biennial budget.

Sec. 9. TRANSFERS

Subdivision 1. Approval Required

Transfers may be made by the commissioners of human services and health and the veterans nursing homes board to salary accounts and unencumbered salary money may be transferred to the next fiscal year in order to avoid layoffs with the advance approval of the commissioner of finance and upon notification of the chairs of the senate health care and family services finance division and the house of representatives human services finance and health and housing finance divisions. Amounts transferred to fiscal year 1995 shall not increase the base funding level for the 1996-1997 appropriation. The commissioners and the board shall not transfer money to or from the object of expenditure "grants and aid" without the written approval of the governor after consulting with the legislative advisory commission.

Subd. 2. Transfers of Unencumbered Appropriations

Positions and administrative money may be transferred within the departments of human services and health and within the programs operated by the veterans homes board as the commissioners or the board consider necessary, with the advance approval of the commissioner of finance. The commissioners and the board shall inform the chairs of the human services finance division of the house of representatives and the health care and family services division of the senate quarterly about transfers made under this provision.

Sec. 10. PROVISIONS

Money appropriated to the commissioner of human services and to the veterans nursing homes board for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for the purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of medical and hospital supplies with the written approval of the governor after consultation with the legislative advisory commission.

The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 1994 and fiscal year 1995 must be based on the June 1993 and June 1994 producer price index respectively, but the adjustment must be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.

Sec. 11. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 1995, unless a different expiration is explicit. All uncodified language contained in Laws 1992, chapter 513, article 5, expires on June 30, 1993, unless a different expiration is explicit.

ARTICLE 2

DEPARTMENT OF HUMAN SERVICES

FINANCE AND ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 256.025, subdivision 3, is amended to read:

Subd. 3. [PAYMENT METHODS.] (a) Beginning July 1, 1991, the state will reimburse counties for the county share of county agency expenditures for benefits and services distributed under subdivision 2 ~~and funded by the human services account established under section 273.1392~~.

(b) Payments under subdivision 4 are only for client benefits and services distributed under subdivision 2 and do not include reimbursement for county administrative expenses.

(c) The state and the county agencies shall pay for assistance programs as follows:

(1) Where the state issues payments for the programs, the county shall monthly advance to the state, as required by the department of human services, the portion of program costs not met by federal and state funds. The advance shall be an estimate that is based on actual expenditures from the prior period and that is sufficient to compensate for the county share of disbursements as well as state and federal shares of recoveries;

(2) Where the county agencies issue payments for the programs, the state shall monthly advance to counties all federal funds available for those programs together with an amount of state funds equal to the state share of expenditures; and

(3) Payments made under this paragraph are subject to section 256.017. Adjustment of any overestimate or underestimate in advances shall be made by the state agency in any succeeding month.

Sec. 2. Minnesota Statutes 1992, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Except as provided for in subdivision 3, beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of county agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1 through July 31, for calendar years 1991, 1992, ~~and~~ 1993, *1994, and 1995* shall be made on or before July 10 in each of those years. Payments for the period August through December for calendar years 1991, 1992, ~~and~~ 1993, *1994, and 1995* shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) Payment for 1/24 of the base amount and the January ~~1994~~ *1996* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, ~~1994~~ *1996*. For the period of February 1, ~~1994~~ *1996*, through July 31, ~~1994~~ *1996*, payment of the base amount shall be made on or before July 10, ~~1994~~ *1996*,

and payment of the growth amount over the base amount shall be made on or before July 10, ~~1994~~ *1996*. Payments for the period August ~~1994~~ *1996* through December ~~1994~~ *1996* shall be made on or before the third of each month thereafter through December 31, ~~1994~~ *1996*.

(c) Payment for the county share of county agency expenditures during January ~~1995~~ *1997* shall be made on or before January 3, ~~1995~~ *1997*. Payment for 1/24 of the base amount and the February ~~1995~~ *1997* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, ~~1995~~ *1997*. For the period of March 1, ~~1995~~ *1997*, through July 31, ~~1995~~ *1997*, payment of the base amount shall be made on or before July 10, ~~1995~~ *1997*, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1995~~ *1997*. Payments for the period August ~~1995~~ *1997* through December ~~1995~~ *1997* shall be made on or before the third of each month thereafter through December 31, ~~1995~~ *1997*.

(d) Monthly payments for the county share of county agency expenditures from January ~~1996~~ *1998* through February ~~1996~~ *1998* shall be made on or before the third of each month through February ~~1996~~ *1998*. Payment for 1/24 of the base amount and the March ~~1996~~ *1998* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March ~~1996~~ *1998*. For the period of April 1, ~~1996~~ *1998*, through July 31, ~~1996~~ *1998*, payment of the base amount shall be made on or before July 10, ~~1996~~ *1998*, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1996~~ *1998*. Payments for the period August ~~1996~~ *1998* through December ~~1996~~ *1998* shall be made on or before the third of each month thereafter through December 31, ~~1996~~ *1998*.

(e) Monthly payments for the county share of county agency expenditures from January ~~1997~~ *1999* through March ~~1997~~ *1999* shall be made on or before the third of each month through March ~~1997~~ *1999*. Payment for 1/24 of the base amount and the April ~~1997~~ *1999* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before April 3, ~~1997~~ *1999*. For the period of May 1, ~~1997~~ *1999*, through July 31, ~~1997~~ *1999*, payment of the base amount shall be made on or before July 10, ~~1997~~ *1999*, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1997~~ *1999*. Payments for the period August ~~1997~~ *1999* through December ~~1997~~ *1999* shall be made on or before the third of each month thereafter through December 31, ~~1997~~ *1999*.

(f) Monthly payments for the county share of county agency expenditures from January ~~1998~~ *2000* through April ~~1998~~ *2000* shall be made on or before the third of each month through April ~~1998~~ *2000*. Payment for 1/24 of the base amount and the May ~~1998~~ *2000* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, ~~1998~~ *2000*. For the period of June 1, ~~1998~~ *2000*, through July 31, ~~1998~~ *2000*, payment of the base amount shall be made on or before July 10, ~~1998~~ *2000*, and payment of the growth amount over the base amount shall be made on or before July 10, ~~1998~~ *2000*. Payments for the period August ~~1998~~ *2000* through December ~~1998~~ *2000* shall be made on or before the third of each month thereafter through December 31, ~~1998~~ *2000*.

(g) Monthly payments for the county share of county agency expenditures from January ~~1999~~ *2001* through May ~~1999~~ *2001* shall be made on or before the third of each month through May ~~1999~~ *2001*. Payment for 1/24 of the base

amount and the June ~~1999~~ *2001* county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, ~~1999~~ *2001*. Payments for the period July ~~1999~~ *2001* through December ~~1999~~ *2001* shall be made on or before the third of each month thereafter through December 31, ~~1999~~ *2001*.

(h) Effective January 1, ~~2000~~ *2002*, monthly payments for the county share of county agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 3. [256.026] [ANNUAL APPROPRIATION.]

(a) There shall be appropriated from the general fund to the commissioner of human services in fiscal year 1994 and each fiscal year thereafter the amount of $142,339,359, which is the sum of the amount of human services aid determined for all counties in Minnesota for calendar year 1992 under Minnesota Statutes 1992, section 273.1398, subdivision 5a, before any adjustments for calendar year 1991.

(b) In addition to the amount in paragraph (a), there shall also be annually appropriated from the general fund to the commissioner of human services in fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 the amount of $5,930,807.

(c) The amounts appropriated under paragraphs (a) and (b) shall be used with other appropriations to make payments required under section 256.025 for fiscal year 1994 and thereafter.

Sec. 4. Minnesota Statutes 1992, section 273.1392, is amended to read:

273.1392 [PAYMENT; SCHOOL DISTRICTS; ~~COUNTIES~~.]

~~(1) [AIDS TO SCHOOL DISTRICTS.]~~ The amounts of conservation tax credits under section 273.119; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; homestead credit under section 273.13; aids and credits under section 273.1398; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

~~(2) [AIDS TO COUNTIES.] The amounts of human services aid increase determined under section 273.1398, subdivision 5b, shall be deposited in a human services aid account hereby created as an account within the state's general fund. The amount within the account shall annually be transferred to the department of human services by the department of revenue. The amounts so transferred shall be paid according to section 256.025.~~

Sec. 5. Minnesota Statutes 1992, section 273.1398, subdivision 5b, is amended to read:

Subd. 5b. [STATE AID FOR COUNTY HUMAN SERVICES COSTS.] (a) Human services aid increase for each county equals an amount representing the county's costs for human services programs cited in subdivision 1, paragraph (i). The amount of the aid increase is calculated as provided in this

section. ~~The aid increase shall be deposited in the human services account created pursuant to section 273.1392.~~

(b) On July 15, 1990, each county shall certify to the department of revenue the estimated difference between the county's base amount costs as defined in section 256.025 for human services programs cited in subdivision 1, paragraph (i), for calendar year 1990 and human services program revenues from all nonproperty tax sources excluding revenue from state and federal payments for the programs listed in subdivision 1, paragraph (i), and revenue from incentive programs pursuant to sections 256.019, 256.98, subdivision 7, 256D.06, subdivision 5, 256D.15, and 256D.54, subdivision 3, used at the time the levy was certified in 1989. At that time each county may revise its estimate for taxes payable in 1990 for purposes of this subdivision. The human services program estimates provided pursuant to this clause shall only include those costs and related revenues up to the extent the county provides benefits within statutory mandated standards. This amount shall be the county's human services aid amount under this section.

(c) On July 15, 1991, each county shall certify to the department of revenue the actual difference between the county's human services program costs and nonproperty tax revenues as provided in paragraph (b) for calendar year 1990. If the actual difference is larger than the estimated difference as calculated in paragraph (b), the aid amount for the county shall be increased by that amount. If the actual difference is smaller than the estimated difference as calculated in paragraph (b), the aid amount to the county shall be reduced by that amount.

~~(d) On January 1, 1991, the department of finance shall certify to the department of revenue the estimated amount of county receipts deducted from county human services expenditures pursuant to Minnesota Statutes 1988, section 287.12, in calendar year 1990. This amount shall be added to the human services aid increase amount under this section.~~

Sec. 6. Minnesota Statutes 1992, 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~~; fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b; and equalization aid certified by section 477A.013, subdivision 5.

Sec. 7. [REPEALER.]

Minnesota Statutes 1992, section 273.1398, subdivisions 5a and 5c, are repealed.

ARTICLE 3

SOCIAL SERVICES AND CHILD WELFARE PROGRAMS

Section 1. Minnesota Statutes 1992, section 145.883, subdivision 5, is amended to read:

Subd. 5. [LOW INCOME.] "Low income" means an individual or family ~~with an~~ income determined to be at or below 175 percent of the ~~income~~ official poverty line ~~defined~~ *established* by the office of management and budget and revised annually in accordance with United States Code, title 42, section 9902, as amended ~~through December 31, 1982~~. With respect to an individual who is a high risk person, "low income" means that the income of the high risk person or the person's family is determined to be at or below 200 percent of the ~~income~~ official poverty line ~~defined~~ *established* by the office of management and budget and revised annually in accordance with United States Code, title 42, section 9902, as amended ~~through December 31, 1982~~, or ~~that the person is pregnant and~~ determined ~~eligible for~~ *to meet the income eligibility requirements of* medical assistance, *MinnesotaCare,* or the special supplemental food program for women, infants and children (WIC). The commissioner shall establish the low income level for eligibility for services to children with handicaps.

Sec. 2. Minnesota Statutes 1992, section 148C.01, subdivision 3, is amended to read:

Subd. 3. [OTHER TITLES.] For the purposes of sections 148C.01 to 148C.11 and 595.02, subdivision 1, all individuals, *except as provided in section 148C.11,* who practice~~, as their main vocation,~~ chemical dependency counseling as defined in subdivision 2, regardless of their titles, shall be covered by sections 148C.01 to 148C.11. This includes, but is not limited to, individuals who may refer to themselves as "alcoholism counselor," "drug abuse therapist," "chemical dependency recovery counselor," "chemical dependency relapse prevention planner," "addiction therapist," "chemical dependency intervention specialist," "family chemical dependency counselor," "chemical health specialist," "chemical health coordinator," and "substance abuse counselor."

Sec. 3. Minnesota Statutes 1992, section 148C.01, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of ~~human services~~ *health.*

Sec. 4. Minnesota Statutes 1992, section 148C.02, is amended to read:

148C.02 [CHEMICAL DEPENDENCY COUNSELING LICENSING ADVISORY COUNCIL.]

Subdivision 1. [MEMBERSHIP; *STAFF.*] *(a)* The chemical dependency *counseling* licensing advisory council consists of 13 members. The ~~governor~~ *commissioner* shall appoint:

(1) *except for those members initially appointed,* seven members who must be licensed chemical dependency counselors;

(2) three members who must be public members as defined by section 214.02;

(3) one member who must be a director or coordinator of an accredited chemical dependency training program; and

(4) one member who must be a former consumer of chemical dependency counseling service and who must have received the service more than three years before the person's appointment.

The American Indian advisory committee to the department of human services chemical dependency office shall appoint the remaining member.

(b) The provision of staff, administrative services, and office space are as provided in chapter 214.

Subd. 2. [DUTIES.] ~~The council shall study the provision of chemical dependency counseling and advise the commissioner, the profession, and the public.~~ *The commissioner, after consultation with the advisory council, shall:*

(1) develop rules for the licensure of chemical dependency counselors; and

(2) administer or contract for the competency testing, licensing, and ethical review of chemical dependency counselors.

Sec. 5. Minnesota Statutes 1992, section 148C.03, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner shall:

(a) adopt and enforce rules for licensure of chemical dependency counselors and for regulation of professional conduct. The rules must be designed to protect the public;

(b) adopt rules establishing standards and methods of determining whether applicants and licensees are qualified under section 148C.04. The rules must provide for examinations ~~and must~~; establish standards for professional conduct, including adoption of a professional code of ethics; *and provide for sanctions as described in section 148C.09;*

(c) hold examinations at least twice a year to assess applicants' knowledge and skills. The examinations ~~may~~ *must* be written ~~or~~ *and* oral and may be administered by the commissioner or by a nonprofit agency under contract with the commissioner to administer the licensing examinations. Examinations must minimize cultural bias and must be balanced in various theories relative to practice of chemical dependency;

(d) issue licenses to individuals qualified under sections 148C.01 to 148C.11;

(e) issue copies of the rules for licensure to all applicants;

(f) establish and implement procedures, including a standard disciplinary process and a code of ethics, to ensure that individuals licensed as chemical dependency counselors will comply with the commissioner's rules;

(g) establish, maintain, and publish annually a register of current licensees;

(h) establish initial and renewal application and examination fees sufficient to cover operating expenses of the commissioner;

(i) educate the public about the existence and content of the rules for chemical dependency counselor licensing to enable consumers to file complaints against licensees who may have violated the rules; and

(j) evaluate the rules in order to refine and improve the methods used to enforce the commissioner's standards.

Sec. 6. Minnesota Statutes 1992, section 148C.03, subdivision 2, is amended to read:

Subd. 2. [CONTINUING EDUCATION COMMITTEE.] The commissioner shall appoint *or contract for* a continuing education committee of five persons, including a chair, which shall advise the commissioner on the administration of continuing education requirements in section 148C.05, subdivision 2.

Sec. 7. Minnesota Statutes 1992, section 148C.03, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS ON MEMBERSHIP.] A member or an employee of the ~~department~~ *entity* that carries out the functions under this section may not be an officer, employee, or paid consultant of a trade association in the counseling services industry.

Sec. 8. Minnesota Statutes 1992, section 148C.04, subdivision 2, is amended to read:

Subd. 2. [FEE.] Each applicant shall pay a nonrefundable fee set by the commissioner. Fees paid to the commissioner shall be deposited in the ~~general~~ *special revenue* fund.

Sec. 9. Minnesota Statutes 1992, section 148C.04, subdivision 3, is amended to read:

Subd. 3. [LICENSING REQUIREMENTS FOR CHEMICAL DEPENDENCY COUNSELOR; EVIDENCE.] (a) To be licensed as a chemical dependency counselor, an applicant must meet the requirements in clauses (1) to (3).

(1) Except as provided in subdivision 4, the applicant must have received an associate degree including 270 clock hours of chemical dependency education and 880 clock hours of chemical dependency practicum.

(2) The applicant must have completed a written ~~and oral~~ case presentation *and oral examination* that demonstrates competence in the 12 core functions.

(3) The applicant must have satisfactorily passed a written examination as established by the commissioner.

(b) To be licensed as a chemical dependency counselor, an applicant must furnish evidence satisfactory to the commissioner that the applicant has met the requirements of paragraph (a).

Sec. 10. Minnesota Statutes 1992, section 148C.04, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL LICENSING REQUIREMENTS.] Beginning five years after the effective date of ~~sections 148C.01 to 148C.11~~ *the rules authorized in section 148C.03, subdivision 1*, an applicant for licensure must have received a bachelor's degree in a human services area, and must have completed 480 clock hours of chemical dependency education and 880 clock hours of chemical dependency practicum.

Sec. 11. Minnesota Statutes 1992, section 148C.05, subdivision 2, is amended to read:

Subd. 2. [CONTINUING EDUCATION.] At the time of renewal, each licensee shall furnish evidence satisfactory to the commissioner that the licensee has completed ~~annually~~ at least the equivalent of 40 clock hours of continuing professional postdegree education every two years, in programs

approved by the commissioner, and that the licensee continues to be qualified to practice under sections 148C.01 to 148C.11.

Sec. 12. Minnesota Statutes 1992, section 148C.06, is amended to read:

148C.06 [~~LICENSE WITHOUT EXAMINATION;~~ TRANSITION PERIOD.]

For two years from ~~July 1, 1993~~ *the effective date of the rules authorized in section 148C.03, subdivision 1*, the commissioner shall issue a license without examination to an applicant if the applicant meets one of the following qualifications:

(a) is credentialed as a certified chemical dependency counselor (CCDC) or certified chemical dependency counselor reciprocal (CCDCR) by the Institute for Chemical Dependency Professionals of Minnesota, Inc.;

(b) has three years or 6,000 hours of supervised chemical dependency counselor experience *as defined by the 12 core functions*, 270 clock hours of chemical dependency training, 300 hours of chemical dependency practicum, and has successfully completed ~~a written and oral test~~ *the requirements in section 148C.04, subdivision 3, paragraph (a), clauses (2) and (3)*;

(c) has five years or 10,000 hours of chemical dependency counselor experience as defined by the 12 core functions, 270 clock hours of chemical dependency training, and has successfully completed ~~a written or oral test~~ *the requirements in section 148C.04, subdivision 3, paragraph (a), clause (2) or (3)*, or is credentialed as a certified chemical dependency practitioner (CCDP) by the Institute for Chemical Dependency Professionals of Minnesota, Inc.; or

(d) has seven years or 14,000 hours of supervised chemical dependency counselor experience as defined by the 12 core functions and 270 clock hours of chemical dependency training with 60 hours of this training occurring within the past five years.

~~After July 1, 1995,~~ *Beginning two years after the effective date of the rules authorized in section 148C.03, subdivision 1,* no person may be licensed without ~~passing the examination~~ *meeting the requirements in section 148C.04, subdivision 3, paragraph (a), clauses (2) and (3).*

Sec. 13. Minnesota Statutes 1992, section 148C.11, subdivision 3, is amended to read:

Subd. 3. [FEDERALLY RECOGNIZED TRIBES AND PRIVATE NONPROFIT AGENCIES WITH A MINORITY FOCUS.] (a) The licensing of chemical dependency counselors who are employed by federally recognized tribes shall be voluntary.

(b) The commissioner shall develop special licensing criteria for issuance of a license to chemical dependency counselors who: (1) are members of ethnic minority groups; and (2) are employed by private, nonprofit agencies, including agencies operated by private, nonprofit hospitals, whose primary agency service focus addresses ethnic minority populations. These licensing criteria may differ from the licensing criteria specified in section 148C.04. To develop these criteria, the commissioner shall establish a committee comprised of *but not limited to* representatives from the council on hearing impaired, the council on affairs of Spanish-speaking people, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the Indian affairs council.

Sec. 14. Minnesota Statutes 1992, section 148C.11, is amended by adding a subdivision to read:

Subd. 5. [CITY, COUNTY, AND STATE AGENCY CHEMICAL DEPENDENCY COUNSELORS.] *The licensing of city, county, and state agency chemical dependency counselors shall be voluntary. City, county, and state agencies employing chemical dependency counselors shall not be required to employ licensed chemical dependency counselors, nor shall they require their chemical dependency counselors to be licensed.*

Sec. 15. Minnesota Statutes 1992, section 214.01, subdivision 2, is amended to read:

Subd. 2. [HEALTH-RELATED LICENSING BOARD.] "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the board of medical practice created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of psychology established pursuant to section 148.90, the social work licensing board pursuant to section 148B.19, the board of marriage and family therapy pursuant to section 148B.30, the mental health practitioner advisory council established pursuant to section 148B.62, *the chemical dependency counseling licensing advisory council established pursuant to section 148C.02*, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 16. Minnesota Statutes 1992, section 252A.101, subdivision 7, is amended to read:

Subd. 7. [LETTERS OF GUARDIANSHIP.] Letters of guardianship or conservatorship must be issued by the court and contain:

(1) ~~the name, address, and telephone number of the person delegated by the commissioner to act as the guardian or conservator;~~

~~(2)~~ the name, address, and telephone number of the ward or conservatee; and

~~(3)~~ *(2)* the powers to be exercised on behalf of the ward or conservatee.

The letters must be served by mail upon the ward or conservatee, the ward's counsel, the commissioner, and the local agency.

Sec. 17. Minnesota Statutes 1992, section 252A.111, subdivision 4, is amended to read:

Subd. 4. [APPOINTMENT OF GUARDIAN OR CONSERVATOR OF THE ESTATE.] If the ward has a personal estate beyond that which is necessary for the ward's personal and immediate needs, the commissioner shall determine whether a guardian of the estate ~~has been~~ *should be* appointed ~~for the ward. If no guardian of the estate has been appointed,~~ The commissioner~~,~~ ~~after consulting~~ *shall consult* with the parents, spouse, or nearest relative of the ward~~,~~. *The commissioner* may petition the probate court for the appointment of a private guardian or conservator of the estate of the ward. *The*

commissioner cannot act as guardian or conservator of the estate for public wards or public conservatees.

Sec. 18. [254A.085] [HENNEPIN COUNTY PILOT ALTERNATIVE FOR CHEMICAL DEPENDENCY SERVICES.]

The commissioner of human services shall grant variances from the requirements of Minnesota Rules, parts 9530.4100 to 9530.4450, and the commissioner of health shall grant variances from the requirements of Minnesota Rules, parts 4665.0100 to 4665.9900, that are consistent with the provisions of this section and do not compromise the health or safety of the clients, to establish a nonmedical detoxification pilot program in Hennepin county. The program shall be designed to provide care in a secure shelter for persons diverted or referred from detoxification facilities, so as to prevent chronic recidivism and ensure appropriate treatment referrals for persons who are chemically dependent. For purposes of this section, a "secure shelter" is a facility licensed by the commissioner of human services under Minnesota Rules, parts 9530.4100 to 9530.4450, and this section, and by the commissioner of health as a supervised living facility to provide care for chemically dependent persons. A secure shelter is considered a treatment facility under section 253B.02, subdivision 19. The secure facility authorized by this section shall be licensed by the commissioner of human services only after the county has entered into a contract for the detoxification program authorized by section 254A.086.

The pilot program established under this section must have standards for using video and advocacy group members for monitoring and surveillance to ensure the safety of clients and staff. In addition, in hiring staff, the program must ensure that the criminal background check requirements of Minnesota Rules, part 9543.3040, are met; and the commissioner of human services must ensure compliance with Minnesota Rules, parts 9543.3000 to 9543.3090. The program administrator and all staff of a secure shelter who observe or have personal knowledge of violations of section 626.556 or 626.557 must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the facility must comply with all of the requirements of section 626.557, the vulnerable adults act. If the program administrator does not suspend the alleged perpetrator during the pendency of the investigation, reasons for not doing so must be given to the ombudsman in writing.

The licenseholder, in coordination with the commissioner of human services, shall keep detailed records of admissions, length of stay, client outcomes according to standards set by the commissioner, discharge destinations, referrals, and costs of the program. The commissioner of human services shall report to the legislature by February 15, 1996, on the operation of the program and shall include recommendations on whether such a program has been shown to be an effective, safe, and cost-efficient way to serve clients.

Sec. 19. [254A.086] [CULTURALLY TARGETED DETOXIFICATION PROGRAM.]

The commissioner of human services shall provide technical assistance to enable development of a special program designed to provide culturally targeted detoxification services in accordance with section 254A.08, subdivision 2. The program must meet the standards of Minnesota Rules, parts 9530.4100 to 9530.4450, as they apply to detoxification programs. The program established under this section must have standards for using video and advocacy group members for monitoring and surveillance to ensure the safety of clients and staff. In addition, in hiring staff, the program must ensure that the criminal background check requirements of Minnesota Rules, part 9543.3040, are met; and the commissioner of human services must ensure compliance with Minnesota Rules, parts 9543.3000 to 9543.3090. The program administrator and all staff of the facility must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the facility must comply with all of the requirements of section 626.557, the vulnerable adults act. The program shall be designed with a community outreach component and shall provide services to clients in a safe environment and in a culturally specific manner.

Sec. 20. Minnesota Statutes 1992, section 254A.17, subdivision 3, is amended to read:

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, *to open shelters, and to secure shelters as defined in section 254A.085 and shelters serving intoxicated persons. In state fiscal years 1994 and 1995, funds shall be allocated to counties in proportion to each county's allocation in fiscal year 1993. In subsequent fiscal years,* funds shall be allocated among counties annually in proportion to each county's average number of detoxification admissions for the prior two years, except that no county shall receive less than $400. Unless a county has approved a grant of funds under this section, the commissioner shall make quarterly payments of detoxification funds to a county only after receiving an invoice describing the number of persons transported and the cost of transportation services for the previous quarter. *The program administrator and all staff of the program must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the program must comply with all of the requirements of section 626.557, the vulnerable adults act.*

Sec. 21. Minnesota Statutes 1992, section 254B.06, subdivision 3, is amended to read:

Subd. 3. [PAYMENT; DENIAL.] The commissioner shall pay eligible vendors for placements made by local agencies under section 254B.03, subdivision 1, and placements by tribal designated agencies according to section 254B.09. The commissioner may reduce or deny payment of the state share when services are not provided according to the placement criteria established by the commissioner. The commissioner may pay for all or a portion of improper county chemical dependency placements and bill the county for the entire payment made when the placement did not comply with criteria established by the commissioner. *The commissioner may make payments to vendors and charge the county 100 percent of the payments if documentation of a county approved placement is received more than 30 working days, exclusive of weekends and holidays, after the date services began; or if the county approved invoice is received by the commissioner more than 120 days after the last date of service provided.* The commissioner shall not pay vendors until private insurance company claims have been settled.

Sec. 22. [256.8711] [EMERGENCY ASSISTANCE; INTENSIVE FAMILY PRESERVATION SERVICES.]

Subdivision 1. [SCOPE OF SERVICES.] *For a family experiencing an emergency as defined in subdivision 2, and for whom the county authorizes services under subdivision 3, intensive family preservation services authorized under this section are:*

(1) crisis family-based services;

(2) counseling family-based services; and

(3) mental health family-based services.

Intensive family preservation services also include family-based life management skills when it is provided in conjunction with any of the three family-based services in this subdivision. The intensive family preservation services in clauses (1), (2), and (3) and life management skills have the meanings given in section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e).

Subd. 2. [DEFINITION OF EMERGENCY.] *For the purposes of this section, an emergency is a situation in which the dependent children are at risk for out of home placement due to abuse, neglect, or delinquency; or when the children are returning home from placements but need services to prevent another placement; or when the parents are unable to provide care.*

Subd. 3. [COUNTY AUTHORIZATION.] *The county agency shall assess current and prospective client families with a dependent under 21 years of age to determine if there is an emergency, as defined in subdivision 2, and to determine if there is a need for intensive family preservation services. Upon such determinations, during the period October 1, 1993 to September 30, 1995, counties shall authorize intensive family preservation services for up to 90 days for eligible families under this section and under section 256.871, subdivisions 1 and 3. Effective October 1, 1995, the counties' obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, are eliminated, with the termination of the federal revenue earned under this section.*

Subd. 4. [COST TO FAMILIES.] *Family preservation services provided under this section or sections 256F.01 to 256F.07 shall be provided at no cost to the client and without regard to the client's available income or assets.*

Subd. 5. [EMERGENCY ASSISTANCE RESERVE.] *The commissioner shall establish an emergency assistance reserve for families who receive intensive family preservation services under this section. A family is eligible to receive assistance once from the emergency assistance reserve if it received intensive family preservation services under this section within the past 12 months, but has not received emergency assistance under section 256.871 during that period. The emergency assistance reserve shall cover the cost of the federal share of the assistance that would have been available under section 256.871, except for the provision of intensive family preservation services provided under this section. The emergency assistance reserve shall be authorized and paid in the same manner as emergency assistance is provided under section 256.871. Funds set aside for the emergency assistance reserve that are not needed as determined by the commissioner shall be distributed by the terms of subdivision 6, paragraph (a).*

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] *(a) All federal funds not set aside under paragraph (b), and at least 50 percent of all federal funds earned under this section and earned through assessment activity under subdivision 3, shall be paid to each county based on its earnings and assessment activity, respectively, and shall be used by each county to expand family preservation services as defined in section 256F.03, subdivision 5, and may be used to expand crisis nursery services. If a county joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received under this paragraph by the county for providing intensive family preservation services to children served by the local collaborative shall be transferred by the county to the integrated fund. The federal reimbursement transferred to the integrated fund by the county must be used for intensive family preservation services as defined in section 256F.03, subdivision 5, to the target population.*

(b) The commissioner shall set aside a portion, not to exceed 50 percent, of the federal funds earned under this section and earned through assessment activity described under subdivision 3. The set aside funds shall be used to expand intensive family preservation services statewide and establish an emergency assistance reserve as provided in subdivision 5. Except for the portion needed for the emergency assistance reserve provided in subdivision 5, the commissioner may distribute the funds set aside through grants to a county or counties to establish and maintain approved intensive family preservation services statewide. Funds available for crisis family-based services through section 256F.05, subdivision 8, shall be considered in establishing intensive family preservation services statewide. The commissioner may phase in intensive family preservation services in a county or group of counties as new federal funds become available. The commissioner's priority is to establish a minimum level of intensive family preservation services statewide.

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] *(a) Counties must continue the base level of expenditures for family preservation services as defined in section 256F.03, subdivision 5, from any state, county, or federal funding source, which, in the absence of federal funds earned under this section and earned through assessment activity described under subdivision 3, would have been available for these*

services. The commissioner shall review the county expenditures annually, using reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8, to ensure that the base level of expenditures for family preservation services as defined in section 256F.03, subdivision 5, is continued from sources other than the federal funds earned under this section and earned through assessment activity described under subdivision 3.

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, if the commissioner determines that one or more of the following conditions apply to that county:

(1) imposition of levy limits that significantly reduce available social service funds;

(2) reduction in the net tax capacity of the taxable property within a county that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's obligations to continue the base level of expenditures and to expand family preservation services as defined in section 256F.03, subdivision 5, if the commissioner determines that in the previous year one or more of the following conditions applied to that county:

(1) the unduplicated number of families who received family preservation services under section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e), equals or exceeds the unduplicated number of children who entered placement under sections 257.071 and 393.07, subdivisions 1 and 2 during the year;

(2) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(3) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county.

(d) For the purposes of this section, the base year is calendar year 1992. For the purposes of this section, the base level of expenditures is the level of county expenditures in the base year for eligible family preservation services under section 256F.03, subdivision 5, paragraphs (a), (b), (c), and (e).

Subd. 8. [COUNTY RESPONSIBILITIES.] *(a) Notwithstanding section 256.871, subdivision 6, for intensive family preservation services provided under this section, the county agency shall submit quarterly fiscal reports as required under section 256.01, subdivision 2, clause (17), and provide the nonfederal share.*

(b) County expenditures eligible for federal reimbursement under this

section must not be made from federal funds or funds used to match other federal funds.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a county that does not meet the reporting or other requirements of this section.

Subd. 9. [PAYMENTS.] *Notwithstanding section 256.025, subdivision 2, payments to counties for social service expenditures for intensive family preservation services under this section shall be made only from the federal earnings under this section and earned through assessment activity described under subdivision 3. Counties may use up to ten percent of federal earnings received under subdivision 6, paragraph (a), to cover costs of income maintenance activities related to the operation of this section and sections 256B.094 and 256F.095.*

Subd. 10. [COMMISSIONER RESPONSIBILITIES.] *The commissioner in consultation with counties shall analyze state funding options to cover costs of counties' base level expenditures and any expansion of the nonfederal share of intensive family preservation services resulting from implementation of this section. The commissioner shall also study problems of implementation, barriers to maximizing federal revenue, and the impact on out-of-home placements of implementation of this section. The commissioner shall report to the legislature on the results of this analysis and study, together with recommendations, by February 15, 1995.*

Sec. 23. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [CHILD WELFARE TARGETED CASE MANAGEMENT.] *Medical assistance, subject to federal approval, covers child welfare targeted case management services as defined in section 256B.094 to children under age 21 who have been assessed and determined in accordance with section 256F.10 to be:*

(1) at risk of placement or in placement as defined in section 257.071, subdivision 1;

(2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or

(3) in need of protection or services as defined in section 260.015, subdivision 2a.

Sec. 24. [256B.094] [CHILD WELFARE TARGETED CASE MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITION.] *"Child welfare targeted case management services" means activities that coordinate social and other services designed to help the child under age 21 and the child's family gain access to needed social services, mental health services, habilitative services, educational services, health services, vocational services, recreational services, and related services including, but not limited to, the areas of volunteer services, advocacy, transportation, and legal services. Case management services include developing an individual service plan and assisting the child and the child's family in obtaining needed services through coordination with other agencies and assuring continuity of care. Case managers must assess the delivery, appropriateness, and effectiveness of services on a regular basis.*

Subd. 2. [ELIGIBLE SERVICES.] *Services eligible for medical assistance reimbursement include:*

(1) assessment of the recipient's need for case management services to gain access to medical, social, educational, and other related services;

(2) development, completion, and regular review of a written individual service plan based on the assessment of need for case management services to ensure access to medical, social, educational, and other related services;

(3) routine contact or other communication with the client, the client's family, primary caregiver, legal representative, substitute care provider, service providers, or other relevant persons identified as necessary to the development or implementation of the goals of the individual service plan, regarding the status of the client, the individual service plan, or the goals for the client, exclusive of transportation of the child;

(4) coordinating referrals for, and the provision of, case management services for the client with appropriate service providers, consistent with section 1902(a)(23) of the Social Security Act;

(5) coordinating and monitoring the overall service delivery to ensure quality of services;

(6) monitoring and evaluating services on a regular basis to ensure appropriateness and continued need;

(7) completing and maintaining necessary documentation that supports and verifies the activities in this subdivision;

(8) traveling to conduct a visit with the client or other relevant person necessary to the development or implementation of the goals of the individual service plan; and

(9) coordinating with the medical assistance facility discharge planner in the 30-day period before the client's discharge into the community. This case management service provided to patients or residents in a medical assistance facility is limited to a maximum of two 30-day periods per calendar year.

Subd. 3. [COORDINATION AND PROVISION OF SERVICES.] *(a) In a county where a prepaid medical assistance provider has contracted under section 256B.031 or 256B.69 to provide mental health services, the case management provider shall coordinate with the prepaid provider to ensure that all necessary mental health services required under the contract are provided to recipients of case management services.*

(b) When the case management provider determines that a prepaid provider is not providing mental health services as required under the contract, the case management provider shall assist the recipient to appeal the prepaid provider's denial pursuant to section 256.045, and may make other arrangements for provision of the covered services.

(c) The case management provider may bill the provider of prepaid health care services for any mental health services provided to a recipient of case management services which the county arranges for or provides and which are included in the prepaid provider's contract, and which were determined to be medically necessary as a result of an appeal pursuant to section 256.045. The prepaid provider must reimburse the mental health provider, at the

prepaid provider's standard rate for that service, for any services delivered under this subdivision.

(d) If the county has not obtained prior authorization for this service, or an appeal results in a determination that the services were not medically necessary, the county may not seek reimbursement from the prepaid provider.

Subd. 4. [CASE MANAGEMENT PROVIDER.] *To be eligible to receive medical assistance reimbursement, the case management provider must meet all provider qualification and certification standards under section 256F.095.*

Subd. 5. [CASE MANAGER.] *To provide case management services, a case manager must be employed by and authorized by the case management provider to provide case management services and meet all requirements under section 256F.095.*

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] *(a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client. These contacts must meet the minimum standards in clauses (1) and (2):*

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the interstate compact on the placement of children, section 257.40, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) The payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study shall be distributed according to earnings, to counties or groups of counties which have the same payment rate under this subdivision, and to the group of counties which are not certified providers under section 256F.095. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Subd. 7. [DOCUMENTATION FOR CASE RECORD AND CLAIM.] *(a) The assessment, case finding, and individual service plan shall be maintained in the individual case record under the data practices act, chapter 13. The individual service plan must be reviewed at least annually and updated as necessary. Each individual case record must maintain documentation of*

routine, ongoing, contacts and services. Each claim must be supported by written documentation in the individual case record.

(b) Each claim must include:

(1) the name of the recipient;

(2) the date of the service;

(3) the name of the provider agency and the person providing service;

(4) the nature and extent of services; and

(5) the place of the services.

Subd. 8. [PAYMENT LIMITATION.] *Services that are not eligible for payment as a child welfare targeted case management service include, but are not limited to:*

(1) assessments prior to opening a case;

(2) therapy and treatment services;

(3) legal services, including legal advocacy, for the client;

(4) information and referral services that are part of a county's community social services plan, that are not provided to an eligible recipient;

(5) outreach services including outreach services provided through the community support services program;

(6) services that are not documented as required under subdivision 7 and Minnesota Rules, parts 9505.1800 to 9505.1880;

(7) services that are otherwise eligible for payment on a separate schedule under rules of the department of human services;

(8) services to a client that duplicate the same case management service from another case manager;

(9) case management services provided to patients or residents in a medical assistance facility except as described under subdivision 2, clause 9; and

(10) for children in foster care, group homes, or residential care, payment for case management services is limited to case management services that focus on permanency planning or return to the family home and that do not duplicate the facility's discharge planning services.

Sec. 25. Minnesota Statutes 1992, section 256F.06, subdivision 2, is amended to read:

Subd. 2. [USES OF GRANTS.] The grant must be used exclusively for family-based services. ~~The grant may not be used as a match for other federal money or to meet the requirements of section 256E.06, subdivision 5.~~

Sec. 26. [256F.095] [CHILD WELFARE TARGETED CASE MANAGEMENT.]

Subdivision 1. [ELIGIBILITY.] *Persons under 21 years of age who are eligible to receive medical assistance are eligible for child welfare targeted case management services under section 256B.094 and this section if they have received an assessment and have been determined by the local county agency to be:*

(1) at risk of placement or in placement as described in section 257.071, subdivision 1;

(2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or

(3) in need of protection or services as defined in section 260.015, subdivision 2a.

Subd. 2. [AVAILABILITY OF SERVICES.] *Child welfare targeted case management services are available from providers meeting qualification requirements and the certification standards specified in subdivision 4. Eligible recipients may choose any certified provider of child welfare targeted case management services.*

Subd. 3. [VOLUNTARY PROVIDER PARTICIPATION.] *Providers may seek certification for medical assistance reimbursement to provide child welfare targeted case management services. The certification process is initiated by submitting a written statement of interest to the commissioner.*

Certified providers may elect to discontinue participation by a written notice to the commissioner at least 120 days before the end of the final calendar quarter of participation.

Subd. 4. [PROVIDER QUALIFICATIONS AND CERTIFICATION STANDARDS.] *The commissioner must certify each provider before enrolling it as a child welfare targeted case management provider of services under section 256B.094 and this section. The certification process shall examine the provider's ability to meet the qualification requirements and certification standards in this subdivision and other federal and state requirements of this service. A certified child welfare targeted case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following:*

(1) the legal authority to provide public welfare under sections 393.01, subdivision 7, and 393.07;

(2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;

(4) the legal authority to provide complete investigative and protective services under section 626.556, subdivision 10, and child welfare and foster care services under section 393.07, subdivisions 1 and 2;

(5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and

(6) the capacity to document and maintain individual case records under state and federal requirements.

Subd. 5. [CASE MANAGERS.] *Case managers are individuals employed by and authorized by the certified child welfare targeted case management provider to provide case management services under section 256B.094 and this section. A case manager must have:*

(1) skills in identifying and assessing a wide range of children's needs;

(2) knowledge of local child welfare and a variety of community resources and effective use of those resources for the benefit of the child; and

(3) a bachelor's degree in social work, psychology, sociology, or a closely related field from an accredited four-year college or university; or a bachelor's degree from an accredited four-year college or university in a field other than social work, psychology, sociology or a closely related field, plus one year of experience in the delivery of social services to children as a supervised social worker in a public or private social services agency.

Subd. 6. [DISTRIBUTION OF NEW FEDERAL REVENUE.] *(a) Except for portion set aside in paragraph (b), the federal funds earned under this section and section 256B.094 by counties shall be paid to each county based on its earnings, and must be used by each county to expand preventive child welfare services.*

If a county chooses to be a provider of child welfare targeted case management and if that county also joins a local children's mental health collaborative as authorized by the 1993 legislature, then the federal reimbursement received by the county for providing child welfare targeted case management services to children served by the local collaborative shall be transferred by the county to the integrated fund. The federal reimbursement transferred to the integrated fund by the county must not be used for residential care other than respite care described under subdivision 7, paragraph (d).

(b) The commissioner shall set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The repayment is limited to:

(1) the costs of developing and implementing this section and sections 256.8711 and 256B.094;

(2) programming the information systems; and

(3) the lost federal revenue for the central office claim directly caused by the implementation of these sections.

Any unexpended funds from the set aside under this paragraph shall be distributed to counties according to paragraph (a).

Subd. 7. [EXPANSION OF SERVICES AND BASE LEVEL OF EXPENDITURES.] *(a) Counties must continue the base level of expenditures for preventive child welfare services from either or both of any state, county, or federal funding source, which, in the absence of federal funds earned under this section, would have been available for these services. The commissioner shall review the county expenditures annually using reports required under sections 245.482, 256.01, subdivision 2, paragraph 17, and 256E.08, subdivision 8, to ensure that the base level of expenditures for preventive child welfare services is continued from sources other than the federal funds earned under this section.*

(b) The commissioner may reduce, suspend, or eliminate either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that one or more of the following conditions apply to that county:

(1) imposition of levy limits that significantly reduce available social service funds;

(2) reduction in the net tax capacity of the taxable property within a county that significantly reduces available social service funds;

(3) reduction in the number of children under age 19 in the county by 25 percent when compared with the number in the base year using the most recent data provided by the state demographer's office; or

(4) termination of the federal revenue earned under this section.

(c) The commissioner may suspend for one year either or both of a county's obligations to continue the base level of expenditures and to expand child welfare preventive services if the commissioner determines that in the previous year one or more of the following conditions applied to that county:

(1) the total number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, has been reduced by 50 percent from the total number in the base year; or

(2) the average number of children in placement under sections 257.071 and 393.07, subdivisions 1 and 2, on the last day of each month is equal to or less than one child per 1,000 children in the county.

(d) For the purposes of this section, child welfare preventive services are those services directed toward a specific child or family that further the goals of section 256F.01 and include assessments, family preservation services, service coordination, community-based treatment, crisis nursery services when the parents retain custody and there is no voluntary placement agreement with a child placing agency, respite care except when it is provided under a medical assistance waiver, home-based services, and other related services. For the purposes of this section, child welfare preventive services shall not include shelter care placements under the authority of the court or public agency to address an emergency, residential services except for respite care, child care for the purposes of employment and training, adult services, services other than child welfare targeted case management when they are provided under medical assistance, placement services, or activities not directed toward a specific child or family. Respite care must be planned, routine care to support the continuing residence of the child with its family or long-term primary caretaker and must not be provided to address an emergency.

(e) For the counties beginning to claim federal reimbursement for services under this section and section 256B.094, the base year is the calendar year ending at least two calendar quarters before the first calendar quarter in which the county begins claiming reimbursement. For the purposes of this section, the base level of expenditures is the level of county expenditures in the base year for eligible child welfare preventive services described in this subdivision.

Subd. 8. [PROVIDER RESPONSIBILITIES.] *(a) Notwithstanding section 256B.19, subdivision 1, for the purposes of child welfare targeted case management under section 256B.094 and this section, the nonfederal share of costs shall be provided by the provider of child welfare targeted case management from sources other than federal funds or funds used to match other federal funds.*

(b) Provider expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds.

(c) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of section 256B.094 and this section.

Subd. 9. [PAYMENTS.] *Notwithstanding section 256.025, subdivision 2, payments to certified providers for child welfare targeted case management expenditures under section 256B.094 and this section shall only be made of federal earnings from services provided under section 256B.094 and this section.*

Subd. 10. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] *Notwithstanding section 256B.041, county payments for the cost of child welfare targeted case management services shall not be made to the state treasurer. For the purposes of child welfare targeted case management services under section 256B.094 and this section, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under section 256B.094 and this section.*

Sec. 27. [256F.10] [GRANT PROGRAM FOR CRISIS NURSERIES.]

Subdivision 1. [CRISIS NURSERIES.] *The commissioner of human services shall establish a grant program to assist private and public agencies and organizations to provide crisis nurseries to offer temporary care for children who are abused, neglected, and those children at high risk of abuse and neglect, and children who are in families receiving child protective services. This service shall be provided without fee for a maximum of 30 days in any year. Crisis nurseries shall provide referral to support services and provide family support services as needed.*

Subd. 2. [FUND DISTRIBUTION.] *In distributing funds, the commissioner shall give priority consideration to agencies and organizations with experience in working with abused or neglected children and their families, and with children at high risk of abuse and neglect and their families, and serve communities which demonstrate the greatest need for these services.*

(a) The crisis nurseries must:

(1) be available 24 hours a day, seven days a week;

(2) provide services for children up to three days at any one time;

(3) make referrals for parents to counseling services and other community resources to help alleviate the underlying cause of the precipitating stress or crisis;

(4) provide services without a fee for a maximum of 30 days in any year;

(5) provide services to children from birth to 12 years of age;

(6) provide an initial assessment and intake interview conducted by a skilled professional who will identify the presenting problem and make an immediate referral to an appropriate agency or program to prevent maltreatment and out-of-home placement of children;

(7) maintain the clients' confidentiality to the extent required by law, and also comply with statutory reporting requirements which may mandate a report to child protective services;

(8) contain a volunteer component;

(9) provide preservice training and ongoing training to providers and volunteers;

(10) evaluate the services provided by documenting use of services, the result of family referrals made to community resources, and how the services reduced the risk of maltreatment;

(11) provide age appropriate programming;

(12) provide developmental assessments;

(13) provide medical assessments as determined by using a risk screening tool;

(14) meet United States Department of Agriculture regulations concerning meals and provide three meals a day and three snacks during a 24-hour period; and

(15) provide appropriate sleep and nap arrangements for children.

(b) The crisis nurseries are encouraged to provide:

(1) on-site support groups for facility model programs, or agency sponsored parent support groups for volunteer family model programs;

(2) parent education classes or programs that include parent-child interaction; and

(3) opportunities for parents to volunteer, if appropriate, to assist with child care in a supervised setting in order to enhance their parenting skills and self-esteem, in addition to providing them the opportunity to give something back to the program.

(c) Parents shall retain custody of their children during placement in a crisis facility.

The crisis nurseries are encouraged to include one or more parents who have used the crisis nursery services on the program's multidisciplinary advisory board.

Subd. 3. [EVALUATIONS.] *The commissioner of human services shall submit an annual report to the legislature evaluating the program. The report must include information concerning program costs, the number of program participants, the program's impact on family stability, the incidence of abuse and neglect, and all other relevant information determined by the commissioner.*

Sec. 28. [256F.11] [GRANT PROGRAM FOR RESPITE CARE.]

Subdivision 1. [RESPITE CARE PROGRAM.] *The commissioner of human services shall establish a grant program to provide respite care services to families or caregivers who are under stress and at risk of abusing or neglecting their children, families with children suffering from emotional problems, and families receiving child protective services.*

Subd. 2. [SERVICE GOALS.] *Respite care programs shall provide temporary services for families or caregivers in order to:*

(1) allow the family to engage in the family's usual daily activities;

(2) maintain family stability during crisis situations;

(3) help preserve the family unit by lessening pressures that might lead to divorce, institutionalization, neglect, or child abuse;

(4) provide the family with rest and relaxation;

(5) improve the family's ability to cope with daily responsibilities; and

(6) make it possible for individuals with disabilities to establish independence and enrich their own growth and development.

Subd. 3. [DEFINITION.] *"Respite care" means in-home or out-of-home temporary, nonmedical child care for families and caregivers who are under stress and at risk of abusing or neglecting their children, and families with children suffering from emotional problems. Respite care shall be available for time periods varying from one hour to two weeks.*

In-home respite care is provided in the home of the person needing care.

Out-of-home respite care will be given in the provider's home or other facility. In these cases, the provider's home or facility must be currently licensed for day care or foster home care.

Subd. 4. [SLIDING FEE SCALE.] *The commissioner shall establish a sliding fee scale that takes into account family income, expenses, and ability to pay. Grant funds shall be used to subsidize the respite care of children. Funded projects must:*

(1) prevent and reduce mental, physical, and emotional stress on parents and children;

(2) provide training for caregivers;

(3) establish a network of community support groups and resources for families;

(4) conduct an intake assessment in order to identify the presenting problems and make appropriate referrals;

(5) provide age appropriate programming; and

(6) ensure that respite care providers complete at least 120 hours of training in child development, child care, and related issues.

Subd. 5. [EVALUATIONS.] *The commissioner of human services shall submit an annual report to the legislature evaluating funded programs. The report must include information concerning program costs, the number of program participants, the impact on family stability, the incidence of abuse and neglect, and all other relevant information determined by the commissioner.*

Sec. 29. [256F.12] [FAMILY SERVICES COLLABORATIVE.]

Subdivision 1. [FEDERAL REVENUE ENHANCEMENT.] *(a)* [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] *The commissioner of human services may enter into an agreement with one or more family services*

collaboratives to enhance federal reimbursement under Title IV-E of the Social Security Act and federal administrative reimbursement under Title XIX of the Social Security Act. The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Notwithstanding section 256.025, subdivision 2, payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;

(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:

(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;

(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;

(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the state demographer's office; or

(iv) termination of the federal revenue earned under the family services collaborative agreement;

(5) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

(6) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

(7) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

(8) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) [FAMILY SERVICES COLLABORATIVE RESPONSIBILITIES.] *The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:*

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those services, except as provided in subdivision 1, clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;

(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in subdivision 1, clause (4);

(5) the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family services collaborative from sources other than federal funds or funds used to match other federal funds;

(6) the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

(7) the family services collaborative shall submit an annual report to the commissioner as specified in the agreement.

Subd. 2. [AGREEMENTS WITH FAMILY SERVICES COLLABORATIVES.] *At a minimum, the agreement between the commissioner and the family services collaborative shall include the following provisions:*

(1) specific documentation of the expenditures eligible for federal reimbursement;

(2) the process for developing and submitting claims to the commissioner;

(3) specific identification of the education, social, health, or health-related services to families and children which are to be expanded with the federal reimbursement;

(4) reporting and review procedures ensuring that the family services collaborative must continue the base level of expenditures for the education, social, health, or health-related services for families and children as specified in subdivision 2, clause (3);

(5) reporting and review procedures to ensure that federal revenue earned under this section is spent specifically to expand education, social, health, or health-related services for families and children as specified in subdivision 2, clause (4);

(6) the period of time, not to exceed three years, governing the terms of the agreement and provisions for amendments to, and renewal of the agreement; and

(7) an annual report prepared by the family services collaborative.

Subd. 3. [WAIVER OF RULE REQUIREMENTS.] *(a)* [REQUESTING WAIVERS OF STATE OR FEDERAL RULES.] *Local family services collaboratives, including collaboratives in Becker, Cass, and Ramsey counties, shall be encouraged to seek waivers of state or federal rules, as necessary to carry out the purposes of this section. For purposes of this section, "family services collaborative" has the meaning given it in section 121.8355, subdivision 1a.*

(b) [WAIVER OF STATE RULES.] *In order to receive a waiver of the requirements of any state rule, the collaborative shall submit a request for a variance to the appropriate commissioner. The request shall contain assurances that the waiver will not affect client entitlements to services, will not abridge any rights guaranteed to the client by state or federal law, and will not jeopardize the health or safety of the client. The commissioner shall grant or deny all waiver requests within 30 days of receiving those requests, by notice to the collaborative and published notice in the State Register.*

(c) [WAIVER OF FEDERAL RULES.] *A local collaborative seeking a waiver from a federal rule shall submit a request, in writing, to the appropriate commissioner who shall submit the waiver request to the relevant policy committees of the legislature. If the legislative committees approve the request, they shall direct the appropriate state agency to make a reasonable effort to negotiate a waiver of the federal rule. If the legislative committees deny the request for a waiver, they shall jointly notify the local collaborative of the reason for denying the waiver. If a waiver request is approved for submission to federal authorities, the commissioner shall submit all necessary materials to the appropriate federal authorities. The commissioner shall notify the collaborative and the legislative committees of the outcome of the federal waiver request. In every instance in which a federal waiver is granted, the commissioner shall publish notice of receipt of the waiver in the State Register.*

Sec. 30. Minnesota Statutes 1992, section 257.3573, is amended by adding a subdivision to read:

Subd. 3. [REVENUE ENHANCEMENT.] *The commissioner shall submit claims for federal reimbursement earned through the activities and services supported through Indian child welfare grants. The commissioner may set aside a portion of the federal funds earned under this subdivision to establish and support a new Indian child welfare position in the department of human services to provide program development. The commissioner shall use any*

federal revenue not set aside to expand services under section 257.3571. The federal revenue earned under this subdivision is available for these purposes until the funds are expended.

Sec. 31. Minnesota Statutes 1992, section 257.803, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO DISBURSE FUNDS.] The commissioner, with the advice and consent of the advisory council established under this section, may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program. *State funds appropriated for child maltreatment prevention grants may be transferred to the children's trust fund special revenue account and are available to carry out this section.*

Sec. 32. Minnesota Statutes 1992, section 259.40, subdivision 1, is amended to read:

Subdivision 1. [~~SUBSIDY PAYMENTS~~ *ADOPTION ASSISTANCE.*] The commissioner of human services ~~may make subsidy payments as necessary after the subsidized adoption agreement is approved to~~ *shall enter into an adoption assistance agreement with* 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~~ *sections* 670 *to 679a*, 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. 33. Minnesota Statutes 1992, section 259.40, subdivision 2, is amended to read:

Subd. 2. [~~SUBSIDY~~ *ADOPTION ASSISTANCE* AGREEMENT.] The placing agency shall certify a child as eligible for ~~a subsidy~~ *adoption assistance* according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for ~~a subsidy~~ *adoption assistance*, and before the final decree of adoption is issued, a written agreement must be entered into by the commissioner, the adoptive parent or parents, and the placing agency. The written agreement must be in the form prescribed by the commissioner and must set forth the responsibilities of all parties, the anticipated duration of the ~~subsidy~~ *adoption assistance* payments, and the payment terms. The ~~subsidy~~ *adoption assistance* agreement shall be subject to the commissioner's approval.

The ~~commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for basic maintenance expenses of food, clothing, and shelter;~~ *amount of adoption assistance is subject to the availability of state and federal funds and shall be determined through agreement with the adoptive parents. The agreement shall take into consideration the circumstances of the adopting parent or parents, the needs of the child being adopted and may provide* ongoing *monthly assistance,* supplemental maintenance expenses related to the adopted person's special needs~~;~~, nonmedical expenses periodically necessary for purchase of services, items, or equipment related to the special needs~~;~~, and medical expenses. The placing agency or the adoptive

parent or parents shall provide written documentation to support ~~requests~~ *the need* for ~~subsidy~~ *adoption assistance* payments. The commissioner may require periodic reevaluation of ~~subsidy~~ *adoption assistance* payments. The amount of ~~the subsidy payment~~ *ongoing monthly adoption assistance granted* may in no case exceed that which would be allowable for the child under foster family care *and is subject to the availability of state and federal funds*.

Sec. 34. Minnesota Statutes 1992, section 259.40, subdivision 3, is amended to read:

Subd. 3. [ANNUAL AFFIDAVIT.] When ~~subsidies~~ *adoption assistance agreements* are for more than one year, the adoptive parents or guardian or conservator shall annually present an affidavit stating whether the adopted person remains under their care and whether the need for ~~subsidy~~ *adoption assistance* continues to exist. The commissioner may verify the affidavit. The ~~subsidy~~ *adoption assistance* agreement shall continue in accordance with its terms as long as the need for ~~subsidy~~ *adoption assistance* continues and the adopted person ~~is under 22 years of age and~~ is the legal or financial dependent of the adoptive parent or parents or guardian or conservator *and is under 18 years of age. The adoption assistance agreement may be extended to age 22 as allowed by rules adopted by the commissioner*. Termination or modification of the ~~subsidy~~ *adoption assistance* agreement may be requested by the adoptive parents or subsequent guardian or conservator at any time. When the commissioner determines that a child is eligible for adoption assistance under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to ~~676~~ *679a*, the commissioner shall modify the ~~subsidy~~ *adoption assistance* agreement in order to obtain the funds under that act.

Sec. 35. Minnesota Statutes 1992, 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~~ *state funded adoption assistance* 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~~ *Due to the child's characteristics or circumstances it would be difficult to provide the child and adoptive home without adoption assistance.*

(b)(1) A placement agency has made reasonable efforts to place the child for adoption without subsidy adoption assistance, but has been unsuccessful; or

~~(b)~~*(2)* 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~~ *a Minnesota-licensed* child placing agency.

Sec. 36. Minnesota Statutes 1992, section 259.40, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF RESIDENCY.] A child who is a resident of any county in this state when eligibility for ~~subsidy~~ *adoption assistance* is certified shall remain eligible and receive ~~the subsidy~~ *adoption assistance* in accordance with the terms of the ~~subsidy~~ *adoption assistance* agreement, regardless of the domicile or residence of the adopting parents at the time of application for adoptive placement, legal decree of adoption, or thereafter.

Sec. 37. Minnesota Statutes 1992, section 259.40, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT OF COSTS.] Subject to rules of the commissioner, *and the provisions of this subdivision* a *Minnesota-licensed child* placing agency *or county social service agency* shall receive a reimbursement from the commissioner equal to 100 percent of the reasonable and appropriate cost of providing ~~or purchasing~~ adoption services for a child certified as eligible for ~~a subsidy, including~~ *adoption assistance. Such assistance may include* adoptive family recruitment, counseling, and special training when needed. *A Minnesota-licensed child placing agency shall receive reimbursement for adoption services it purchases for or directly provides to an eligible child. A county social service agency shall receive such reimbursement only for adoption services it purchases for an eligible child.*

A Minnesota-licensed child placing agency or county social service agency seeking reimbursement under this subdivision shall enter into a reimbursement agreement with the commissioner before providing adoption services for which reimbursement is sought. No reimbursement under this subdivision shall be made to an agency for services provided prior to entering a reimbursement agreement. Separate reimbursement agreements shall be made for each child and separate records shall be kept on each child for whom a reimbursement agreement is made. Funds encumbered and obligated under such an agreement for the child remain available until the terms of the agreement are fulfilled or the agreement is terminated.

Sec. 38. Minnesota Statutes 1992, section 259.40, subdivision 8, is amended to read:

Subd. 8. [INDIAN CHILDREN.] The commissioner is encouraged to work with American Indian organizations to assist in the establishment of American Indian child adoption organizations able to be licensed as child placing agencies. Children certified as eligible for ~~a subsidy~~ *adoption assistance* under this section who are protected under the Federal Indian Child Welfare Act of 1978 should, whenever possible, be served by the tribal governing body, tribal courts, or a licensed Indian child placing agency.

Sec. 39. Minnesota Statutes 1992, section 259.40, subdivision 9, is amended to read:

Subd. 9. [EFFECT ON OTHER AID.] ~~Subsidy~~ *Adoption assistance* payments received under this section shall not affect eligibility for any other financial payments to which a person may otherwise be entitled.

Sec. 40. Minnesota Statutes 1992, section 525.539, subdivision 2, is amended to read:

Subd. 2. "Guardian" means a person *or entity* who is appointed by the court to exercise all of the powers and duties designated in section 525.56 for the care of an incapacitated person or that person's estate, or both.

Sec. 41. Minnesota Statutes 1992, section 525.551, subdivision 7, is amended to read:

Subd. 7. [NOTIFICATION ~~OF COMMISSIONER OF HUMAN SERVICES~~.] If ~~the ward or conservatee is~~ a patient of a state hospital ~~for the mentally ill, or committed to the~~, *regional center, or any state-operated service has a guardianship or conservatorship established, modified, or terminated, the head of the state hospital, regional center, or state-operated service shall be notified. If a ward or conservatee is under the* guardianship or conservatorship of the commissioner of human services as mentally retarded or dependent and neglected or is under the temporary custody of the commissioner of human services, the court shall notify the commissioner of human services ~~of the appointment of a guardian, conservator or successor guardian or conservator of the estate of the ward or conservatee~~ *if the public guardianship or conservatorship is established, modified, or terminated.*

Sec. 42. Minnesota Statutes 1992, section 626.559, is amended by adding a subdivision to read:

Subd. 5. [TRAINING REVENUE.] *The commissioner of human services shall submit claims for federal reimbursement earned through the activities and services supported through department of human services child protection or child welfare training funds. Federal revenue earned must be used to improve and expand training services by the department. The department expenditures eligible for federal reimbursement under this section must not be made from federal funds or funds used to match other federal funds. The federal revenue earned under this subdivision is available for these purposes until the funds are expended.*

Sec. 43. [BASIC SLIDING FEE; ALLOCATION.]

In fiscal year 1993 only, a maximum of $600,000 in federal funds designated for the basic sliding fee program shall be distributed to counties that, due to the allocation formula change in section 256H.03, subdivision 4, paragraphs (a) to (c), do not have sufficient funds available in the basic sliding fee program to continue services in fiscal year 1993 to families participating in the basic sliding fee program in fiscal year 1992. This maximum of $600,000 increase for the sliding fee child care fund in fiscal year 1993 is a one-time increase and does not increase the allocation base for the 1994-1995 biennium. The funds shall be distributed as a supplemental fiscal year 1993 allocation to counties without regard to the allocation formula identified in this section. The amount distributed to a county shall be based on earnings in excess of its original fiscal year 1993 allocation after the maintenance of effort requirements in section 256H.12. The sum of a county's original and supplemental fiscal year 1993 allocations may not exceed its fiscal year 1992 allocation. If the amount of funds earned under section 256H.12 is in excess of $600,000, the distribution shall be prorated to each county based on the ratio of the county's earnings in excess of its allocation to the total of all counties' earnings in excess of their allocations.

Sec. 44. [PINE COUNTY SOCIAL SERVICE GRANT APPLICATION PROCESS.]

Subdivision 1. [AUTHORIZATION FOR DEMONSTRATION PROJECT.] *The commissioner of human services shall allow Pine county to send a letter of intent in lieu of completing a grant application to apply for categorical social service funding as part of a four-year intergovernmental agreement demonstra-*

tion project. The demonstration project is an alternative method of obtaining social service funding which is part of a larger project to simplify and consolidate social services planning and reporting in Pine county. The demonstration project is an effort to streamline planning and remove administrative burdens on smaller counties.

Subd. 2. [SOCIAL SERVICE PLAN.] *Pine county must amend its social service plan within 12 months of receiving funding to incorporate the requirements of the grant application process into the social service plan.*

Subd. 3. [COMPLIANCE AND MONITORING.] *The commissioner may terminate the demonstration project if Pine county is not using the categorical funding for the intended purpose. The commissioner shall send Pine county a 60-day notice and provide an opportunity for Pine county to appeal before terminating the project.*

Subd. 4. [REPORT.] *The commissioner shall report to the legislature annually beginning January 1, 1995. The report shall evaluate Pine county's intergovernmental agreements project and also the advantages of the alternative funding process for counties with a population under 30,000.*

Sec. 45. [EFFECTIVE DATES.]

Sections 31 and 43 are effective the day following final enactment.

ARTICLE 4

DEVELOPMENTAL DISABILITIES

Section 1. Minnesota Statutes 1992, section 252.275, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM.] The commissioner of human services shall establish a statewide program to provide support for persons with mental retardation or related conditions to live as independently as possible in the community. An objective of the program is to reduce unnecessary use of intermediate care facilities for persons with mental retardation or related conditions and home and community-based services. The commissioner shall reimburse county boards for ~~the provision of~~ semi-independent living services ~~licensed by the commissioner pursuant to~~ *provided by agencies or individuals that meet the applicable standards of* sections 245A.01 to 245A.16 and 252.28, and for the provision of one-time living allowances to secure and furnish a home for a person who will receive semi-independent living services under this section, if other public funds are not available for the allowance.

For the purposes of this section, "semi-independent living services" means training and assistance in managing money, preparing meals, shopping, maintaining personal appearance and hygiene, and other activities which are needed to maintain and improve an adult with mental retardation or a related condition's capability to live in the community. Eligible persons*: (1)* must be age 18 or older~~; must need less than a 24-hour plan of care; and~~*; (2)* must be unable to function independently without semi-independent living services*; and (3) must not be at risk of placement in an intermediate care facility for persons with mental retardation in the absence of less restrictive services.*

Semi-independent living services costs and one-time living allowance costs may be paid directly by the county, or may be paid by the recipient with a voucher or cash issued by the county.

Sec. 2. Minnesota Statutes 1992, section 252.275, subdivision 8, is amended to read:

Subd. 8. [USE OF FEDERAL FUNDS *AND TRANSFER OF FUNDS TO MEDICAL ASSISTANCE.*] *(a)* The commissioner shall make every reasonable effort to maximize the use of federal funds for semi-independent living services.

(b) The commissioner shall reduce the payments to be made under this section to each county from January 1, 1994 to June 30, 1996, by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home- and community-based waiver program under section 256B.092 from January 1, 1994 to June 30, 1996, for clients for whom the county is financially responsible and who have been transferred by the county from the semi-independent living services program to the home- and community-based waiver program. Unless otherwise specified, all reduced amounts shall be transferred to the medical assistance state account.

(c) For fiscal year 1997, the base appropriation available under this section shall be reduced by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home- and community-based waiver program authorized in section 256B.092 from January 1, 1995 to December 31, 1995, for persons who have been transferred from the semi-independent living services program to the home- and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.

(d) For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1996 allocations, each county's original allocation for calendar year 1995 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1995. For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1997 allocations, each county's original allocation for calendar year 1996 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1996.

Sec. 3. Minnesota Statutes 1992, section 252.41, subdivision 3, is amended to read:

Subd. 3. [DAY TRAINING AND HABILITATION SERVICES FOR ADULTS WITH MENTAL RETARDATION, RELATED CONDITIONS.] "Day training and habilitation services for adults with mental retardation and related conditions" means services that:

(1) include supervision, training, assistance, and supported employment, work-related activities, or other community-integrated activities designed and implemented in accordance with the individual service and individual habilitation plans required under Minnesota Rules, parts 9525.0015 to 9525.0165, to help an adult reach and maintain the highest possible level of independence, productivity, and integration into the community;

(2) are provided under contract with the county where the services are delivered by a vendor licensed under sections 245A.01 to 245A.16 and 252.28, subdivision 2, to provide day training and habilitation services; and

(3) are regularly provided to one or more adults with mental retardation or related conditions in a place other than the adult's own home or residence *unless medically contraindicated.*

Day training and habilitation services reimbursable under this section do not include special education and related services as defined in the Education of the Handicapped Act, United States Code, title 20, chapter 33, section 1401, clauses (6) and (17), or vocational services funded under section 110 of the Rehabilitation Act of 1973, United States Code, title 29, section 720, as amended.

Sec. 4. [252.450] [AGREEMENTS WITH BUSINESSES TO PROVIDE SUPPORT AND SUPERVISION OF PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS IN COMMUNITY-BASED EMPLOYMENT.]

Subdivision 1. [DEFINITION.] *For the purposes of this section, "qualified business" means a business that employs primarily nondisabled persons and will employ persons with mental retardation or related conditions. For purposes of this section, licensed providers of residential services for persons with mental retardation or related conditions are not a qualified business. A qualified business and its employees are exempt from Minnesota Rules, parts 9525.1500 to 9525.1690 and 9525.1800 to 9525.1930.*

Subd. 2. [VENDOR PARTICIPATION AND REIMBURSEMENT.] *Notwithstanding requirements in chapter 245A, and sections 252.28, 252.40 to 252.46, and 256B.501, vendors of day training and habilitation services may enter into written agreements with qualified businesses to provide additional training and supervision needed by individuals to maintain their employment.*

Subd. 3. [AGREEMENT SPECIFICATIONS.] *Agreements must include the following:*

(1) the type and amount of supervision and support to be provided by the business to the individual in accordance with their needs as identified in their individual service plan;

(2) the methods used to periodically assess the individual's satisfaction with their work, training, and support;

(3) the measures taken by the qualified business and the vendor to ensure the health, safety, and protection of the individual during working hours, including the reporting of abuse and neglect under state law and rules;

(4) the training and support services the vendor will provide to the qualified business, including the frequency of on-site supervision and support; and

(5) any payment to be made to the qualified business by the vendor. Payment to the business must be limited to:

(i) additional costs of training coworkers and managers that exceed ordinary and customary training costs and are a direct result of employing a person with mental retardation or a related condition; and

(ii) additional costs for training, supervising, and assisting the person with mental retardation or a related condition that exceed normal and customary costs required for performing similar tasks or duties.

Payments made to a qualified business under this section must not include incentive payments to the qualified business or salary supplementation for the person with mental retardation or a related condition.

Subd. 4. [CLIENT PROTECTION.] *Persons receiving training and support under this section may not be denied their rights or procedural protections under section 256.045, subdivision 4a, or 256B.092, including the county agency's responsibility to arrange for appropriate services, as necessary, in the event that persons lose their job or the contract with the qualified business is terminated.*

Subd. 5. [VENDOR PAYMENT.] *(a) For purposes of this section, the vendor shall bill and the commissioner shall reimburse for full-day or partial-day services that would otherwise have been paid to the vendor for providing direct services provided that:*

(1) the vendor provides services and payments to the business that enable the business to perform services for the client that the vendor would otherwise need to perform; and

(2) any client for whom a rate will be billed was receiving full-time services from the vendor on or before July 1, 1993, and a rate will allow the client to work with support in a community business instead of receiving any other service from the vendor.

(b) Medical assistance reimbursement of services provided to persons receiving day training and habilitation services under this section is subject to the limitations on reimbursement for vocational services under federal law and regulation.

Sec. 5. [252.451] [VENDOR REQUIREMENTS.]

The requirements of Minnesota Rules, parts 9525.1500 to 9525.1690 governing vendors of day training and habilitation services are amended as provided in paragraphs (a) to (f).

(a) Notwithstanding Minnesota Rules, part 9525.1620, subpart 2, item B, orientation must be completed within the first 60 days of employment.

(b) Employees of a business who are subsequently employed by the day training and habilitation program to provide job supports to a client at the business site are exempt from the requirements of Minnesota Rules, part 9525.1620 except for the explanation required in subpart 2, item A, subitem (4).

(c) Notwithstanding Minnesota Rules, part 9525.1590, subpart 2, vendors must annually collect data for each person receiving employment services that is current as of the last day of the calendar year and includes:

(1) the type of employment activity, location, and job title;

(2) the number of hours the person worked per week;

(3) the number of disabled coworkers receiving vendor services at the same work site where the person for whom the data is reported is working; and

(4) the number of nondisabled and nonsubsidized coworkers employed at the work site.

(d) Space owned or leased by a vendor that is used solely as office space for a community-integrated program is exempt from Minnesota Rules, parts 9525.1520, subpart 2, item B, subitems (1), (2), and (4); and 9525.1650.

(e) If any of the conditions in clauses (1) to (4) are met, the vendor may provide support at the office site for five or fewer persons at any time and be exempt from Minnesota Rules, parts 9525.1520, subpart 2, item B, subitems (1), (2), and (4); and 9525.1650, except that the vendor must document that the building satisfactorily meets local fire regulations. The documentation may be a copy of the routine fire inspection of the building. If a routine inspection has not been completed, a separate inspection must be completed. The conditions are:

(1) the services are temporary, with an anticipated duration of not more than 60 calendar days, for example when a person begins services or is between community jobs and must spend some portion of each service day involved in the community;

(2) at least 75 percent of the service week is provided outside the office site in the community;

(3) the use of the space is for planning meetings or other individualized meetings with persons receiving support; or

(4) the person is in transit to a job site or other community-based site.

(f) Notwithstanding Minnesota Rules, part 9525.1630, subparts 4 and 5, the vendor is required to assess and reassess persons in the areas specified in Minnesota Rules, part 9525.1630, subpart 4, items B to E, as authorized by the case manager. Items not specifically authorized are not required.

This section expires on the effective date of the consolidated licensing rules.

Sec. 6. Minnesota Statutes 1992, section 252.46, is amended to read:

252.46 [PAYMENT RATES.]

Subdivision 1. [RATES.] 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 are governed by subdivisions 2 to ~~11~~ *19*. ~~"Payment rate" as used in subdivisions 2 to 11 refers to three kinds of payment rates~~ *The commissioner shall approve the following three payment rates for services provided by a vendor*:

(1) 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;

(2) 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

(3) 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.

Medical assistance rates for home and community-based service provided under section 256B.501, subdivision 4, 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. For very

dependent persons with special needs the commissioner may approve an exception to the approved payment rate under section 256B.501, subdivision 4 or 8.

Subd. 2. [RATE MINIMUM.] Unless a variance is granted under subdivision 6, the minimum payment rates set by a county board for each vendor must be equal to the payment rates approved by the commissioner for that vendor in effect January 1 of the previous calendar year.

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous calendar year. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual inflation adjustments in reimbursement rates for each vendor, based upon the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year. The commissioner shall not provide an annual inflation adjustment for the biennium ending June 30, 1993.

Subd. 4. [NEW VENDORS.] *(a)* Payment rates established by a county for a new vendor for which there were no previous rates must not exceed *95 percent of the greater of* 125 percent of the *statewide median rates or 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 *unless the criteria in paragraph (b) are met.* ~~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 statewide 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.~~

(b) A payment rate equal to 200 percent of the statewide average rates shall be assigned to persons served by the new vendor when those persons are persons with very severe self-injurious or assaultive behaviors, persons with medical conditions requiring delivery of physician-prescribed medical interventions at one-to-one staffing for at least 15 minutes each time they are performed, or persons discharged from a regional treatment center after May 1, 1993, to the vendor's program. All other persons for whom the new service is needed must be assigned a rate equal to 95 percent of the greater of 125 percent of the statewide median rates or 125 percent of the regional average rates, whichever is higher, and the maximum payment rate that may be recommended is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and dividing the sum by the total number of clients. When the recommended payment rates exceed 95 percent of 125 percent of the greater of the statewide median or regional average rates, whichever is higher, the county must include documentation verifying the medical or behavioral needs of clients. The approved payment rates must be based on 12 months budgeted expenses divided by at least 90 percent of authorized service units associated with the new vendor's licensed capacity. The county must include documentation verifying the person's discharge from

a regional treatment center and that admission of new clients to existing services eligible for a rate variance under subdivision 6 was considered before recommending payment rates for a new vendor. Nothing in this subdivision permits development of a new program that primarily results in refinancing of services for individuals already receiving services in existing programs.

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must ~~require~~ *include* the county board's written verification of the individual documentation required under section 252.44, clause (a). ~~If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. Recommended increases in payment rates for vendors whose approved payment rates are ten or more than ten percent below the statewide median payment rates must be equal to the maximum increases allowed for that vendor under subdivision 3.~~ If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Subd. 6. [VARIANCES.] *(a)* A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request *on forms supplied by the commissioner* with the recommended payment rates. ~~The commissioner shall develop by October 1, 1989, a uniform format for submission of documentation for the variance requests. This format shall be used by each vendor requesting a variance. The form shall be developed by the commissioner and shall be reviewed by representatives of advocacy and provider groups and counties.~~ A variance *to the rate maximum* may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, ~~and~~ transportation~~. The county board shall review all vendors' payment rates that are ten or more than ten percent lower than the statewide median payment rates. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs,~~, *and other program related costs when any of the criteria in clauses (1) to (3) is also met:*

(1) change is necessary to comply with licensing citations;

(2) a significant change is approved by the commissioner under section 252.28 that is necessary to provide authorized services to new clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to new clients directly discharged to the vendor's program from a regional treatment center; or

(3) a significant increase in the average level of staffing is needed to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a decrease in licensed capacity or loss of clientele when counties choose alternative services under Laws 1992, chapter 513, article 9, section 41.

A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services.

(b) A variance to the rate minimum may be granted when (1) the county board contracts for increased services from a vendor for some or all individuals receiving services from the vendor lower per unit fixed costs result or (2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

(c) The written variance request *under this subdivision* must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) ~~The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.~~

~~(3) The proposed changes are necessary to demonstrate compliance with minimum licensing standards.~~

~~(4)~~ The vendor documents ~~that the changes cannot be achieved by reallocating~~ *efforts to reallocate* current staff ~~or by reallocating financial resources.~~

~~(5) The county board submits evidence that the need for~~ *and any* additional ~~staff~~ *staffing needs* cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

~~(6)~~ *(5)* The county board submits *verification of the conditions for which the variance is requested,* a description of the nature and cost of the proposed

changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

~~(7)~~ *(6)* The county board's recommended payment rates do not exceed *95 percent of the greater of* 125 percent of the current ~~calendar year's~~ statewide median *or 125 percent of the regional average* payment rates~~.~~*, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe self-injurious or assaultive behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.*

(7) The vendor has not received a variance under this subdivision in the past 12 months.

(d) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Subd. 7. [~~TIME REQUIREMENTS AND APPEALS PROCESS FOR VARIANCES~~ *RATE RECONSIDERATIONS.*] ~~The commissioner shall notify in writing county boards requesting variances within 60 days of receiving the variance request from the county board. The notification shall give reasons for denial of the variance, if it is denied.~~ *A host county that disagrees with a rate decision of the commissioner under subdivision 6 or 9 may request reconsideration by the commissioner within 45 days after the date the host county received notification of the commissioner's decision. The request must state the reasons why the host county is requesting reconsideration of the rate decision and present evidence explaining the host county's disagreement with the rate decision.*

The commissioner shall review the host county's evidence and provide the host county with written notification of the decision on the request within 60 days. The commissioner's decision on the request is final.

Until a reconsideration request is decided, payments must continue at a rate the commissioner determines complies with this section. If a higher rate is approved, the commissioner shall order a retroactive payment as determined in the commissioner's decision.

Subd. 8. [COMMISSIONER'S NOTICE TO BOARDS, VENDORS.] The commissioner shall notify the county boards and vendors of:

~~(1)~~ the average regional payment rates ~~and~~, *95 percent of* 125 percent of the average regional payments rates for each of the regional development commission districts designated in sections 462.381 to 462.396~~;~~ ~~and~~, *95 percent of 125 percent of the statewide median rates, and 200 percent of the statewide average rates*.

~~(2) the projected inflation rate for the year in which the rates will be effective equal to the most recent projected 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.~~

Subd. 9. [APPROVAL OR DENIAL OF RATES.] The commissioner shall approve the county board's recommended payment rates when the rates and verification justifying the projected service units comply with subdivisions 2 to ~~10~~ *18*. The commissioner shall notify the county board in writing of the approved payment rates within 60 days of receipt of the rate recommendations. If the rates are not approved, or if rates different from those originally recommended are approved, the commissioner shall within 60 days of receiving the rate recommendation notify the county board in writing of the reasons for denying or substituting a different rate for the recommended rates. Approved payment rates remain effective until the commissioner approves different rates in accordance with subdivisions 2 and 3.

Subd. 10. [VENDOR'S REPORT; AUDIT.] The vendor shall report to the commissioner and the county board on forms prescribed by the commissioner at times specified by the commissioner. The reports shall include programmatic and fiscal information. Fiscal information shall be provided in accordance with an annual audit that complies with the requirements of Minnesota Rules, parts 9550.0010 to 9550.0092. The audit must be done in accordance with generally accepted auditing standards to result in statements that include a balance sheet, income statement, changes in financial position, and the certified public accountant's opinion. *The audit must provide supplemental statements for each day training and habilitation program with an approved unique set of rates*.

Subd. 11. [IMPROPER TRANSACTIONS.] Transactions that have the effect of circumventing subdivisions 1 to ~~10~~ *18* must not be considered by the commissioner for the purpose of payment rate approval under the principle that the substance of the transaction prevails over the form.

~~Subd. 12. [RATES ESTABLISHED AFTER 1990.] Unless a variance is granted under subdivision 6, payment rates established by a county for calendar year 1990 and which are in effect December 31, 1990, remain in effect until June 30, 1991. Payment rates established by a county board to be paid to a vendor on or after July 1, 1991, 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.~~

~~Subd. 13. [REVIEW AND REVISION OF PROCEDURES FOR RATE EXCEPTIONS FOR VERY DEPENDENT PERSONS WITH SPECIAL NEEDS.] The commissioner shall review the procedures established in Minnesota Rules, parts 9510.1020 to 9510.1140, that counties must follow to seek authorization for a medical assistance rate exception for services for very dependent persons with special needs. The commissioner shall appoint an advisory task force to work with the commissioner. Members of the task force must include vendors, providers, advocates, and consumers. After considering the recommendations of the advisory task force and county rate setting procedures developed under this section, the commissioner shall:~~

~~(1) revise administrative procedures as necessary;~~

~~(2) implement new review procedures for county applications for medical assistance rate exceptions for services for very dependent persons with special needs in a manner that accounts for services available to the person within the approved payment rates of the vendor;~~

~~(3) provide training and technical assistance to vendors, providers, and counties in use of procedures governing medical assistance rate exceptions for very dependent persons with special needs and in county rate setting procedures established under this subdivision; and~~

~~(4) develop a strategy and implementation plan for uniform data collection for use in establishing equitable payment rates and medical assistance rate exceptions for services provided by vendors.~~

~~Subd. 14. [PILOT STUDY.] The commissioner may initiate a pilot payment rate system under section 252.47. The pilot project may establish training and demonstration sites. The pilot payment rate system must include actual transfers of funds, not simulated transfers. The pilot payment rate system may involve vendors representing different geographic regions and rates of reimbursement. Participation in the pilot project is voluntary. Selection of participants by the commissioner is based on the vendor's submission of a complete application form provided by the commissioner. The application must include letters of agreement from the host county, counties of financial responsibility, and residential service providers. Evaluation of the pilot project must include consideration of the effectiveness of procedures governing establishment of equitable payment rates. Implementation of the pilot payment rate system is contingent upon federal approval and systems feasibility. The policies and procedures governing administration, participation, evaluation, service utilization, and payment for services under the pilot payment rate system are not subject to the rulemaking requirements of chapter 14.~~

Subd. 16. [PAYMENT RATE CRITERIA; ALLOCATION OF EXPENDITURES.] *Payment rates approved under subdivision 9 must reflect the payment rate criteria in paragraphs (a) and (b) and the allocation principles in paragraph (c).*

(a) Payment rates must be based on reasonable costs that are ordinary, necessary, and related to delivery of authorized client services.

(b) The commissioner shall not pay for: (i) unauthorized service delivery; (ii) services provided in accordance with receipt of a special grant; (iii) services provided under contract to a local school district; (iv) extended employment services under Minnesota Rules, parts 3300.1950 to 3300.3050, or vocational rehabilitation services provided under Title I, section 110 or Title VI-C, Rehabilitation Act Amendments of 1992, as amended, and not through use of medical assistance or county social service funds; or (v) services provided to a client by a licensed medical, therapeutic, or rehabilitation practitioner or any other vendor of medical care which are billed separately on a fee for service basis.

(c) On an annual basis, actual and projected contract year expenses must be allocated to standard budget line items corresponding to direct and other program and administrative expenses as submitted to the commissioner with the host county's recommended payment rates. Central or corporate office costs must be allocated to licensed vendor sites within the group served by the central or corporate office according to the cost allocation principles under section 256B.432.

(d) The vendor must maintain records documenting that clients received the billed services.

Subd. 17. [HOURLY RATE STRUCTURE.] *Counties participating as host counties under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, may recommend continuation of the hourly rates for participating vendors. The recommendation must be made annually under subdivision 5 and according to the methods and standards provided by the commissioner. The commissioner shall approve the hourly*

rates when service authorization, billing, and payment for services is possible through the Medicaid management information system and the other criteria in this subdivision are met.

Subd. 18. [PILOT STUDY RATES.] *By January 1, 1994, counties and vendors operating under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, shall work with the commissioner to translate the hourly rates and actual expenditures into rates meeting the criteria in subdivisions 1 to 16 unless hourly rates are approved under subdivision 17.*

Sec. 7. Minnesota Statutes 1992, section 252.47, is amended to read:

252.47 [RULES.]

To implement sections 252.40 to 252.47, the commissioner shall adopt permanent rules under sections 14.01 to 14.38, *by July 1, 1995.* ~~The rules may include a plan for phasing in implementation of the procedures and rates established by the rules. The phase-in may occur prior to calendar year 1991.~~ The commissioner shall establish an advisory task force to advise and make recommendations to the commissioner during the rulemaking process. The advisory task force must include legislators, vendors, residential service providers, counties, consumers, department personnel, and others as determined by the commissioner.

Sec. 8. [256B.0916] [EXPANSION OF HOME- AND COMMUNITY-BASED SERVICES.]

(a) The commissioner shall expand availability of home- and community-based services for persons with mental retardation and related conditions to the extent allowed by federal law and regulation and shall assist counties in transferring persons from semi-independent living services to home- and community-based services. The commissioner may transfer funds from the state semi-independent living services account available under section 252.275, subdivision 8, and state community social services aids available under section 256E.20 to the medical assistance account to pay for the nonfederal share of nonresidential and residential home- and community-based services authorized under section 256B.092 for persons transferring from semi-independent living services.

(b) Upon federal approval, county boards are not responsible for funding semi-independent living services as a social service for those persons who have transferred to the home- and community-based waiver program as a result of the expansion under this subdivision. The county responsibility for those persons transferred shall be assumed under section 256B.092. Notwithstanding the provisions of section 252.275, the commissioner shall continue to allocate funds under that section for semi-independent living services and county boards shall continue to fund services under sections 256E.06 and 256E.14 for those persons who cannot access home- and community-based services under section 256B.092.

(c) Eighty percent of the state funds made available to the commissioner under section 252.275 as a result of persons transferring from the semi-independent living services program to the home- and community-based services program shall be used to fund additional persons in the semi-independent living services program.

Sec. 9. [256E.20] [TRANSFER OF FUNDS TO MEDICAL ASSISTANCE.]

(a) The commissioner shall reduce the payment to be made under sections 256E.06 and 256E.14 to each county on July 1, 1994, by the amount of the state share of medical assistance reimbursement for residential services provided under the home- and community-based waiver program authorized in section 256B.092 from January 1, 1994 to March 31, 1994, for clients for whom the county is financially responsible and have transferred from the semi-independent living services program to the home- and community-based waiver program. For the purposes of this section, residential services include supervised living, in-home support, and respite care services. The commissioner shall similarly reduce the payments to be made between October 1, 1994 and December 31, 1996, for the quarters between April 1, 1994 and June 30, 1996. All reduced amounts shall be transferred to the medical assistance state account.

(b) Beginning fiscal year 1997, the appropriation under sections 256E.06 and 256E.14 shall be reduced by the amount of the state share of medical assistance reimbursement for residential services provided under the home- and community-based waiver program under section 256B.092 from January 1, 1995 to December 31, 1995, for persons who have transferred from the semi-independent living services program to the home- and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.

Sec. 10. [EXEMPTION FROM RULES GOVERNING DAY TRAINING AND HABILITATION SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Until the commissioner of human services adopts amended licensing rules governing these services, providers of day training and habilitation services are exempt from the following Minnesota Rules:

(1) part 9525.1540;

(2) part 9525.1550, subparts 2, items C and D; 3; 4, items B to E; 5; 9 to 11; and 13;

(3) part 9525.1590, subpart 2, item C;

(4) part 9525.1600, subpart 9;

(5) part 9525.1610, subpart 2;

(6) part 9525.1640, subparts 1, items A and F; and 2;

(7) part 9525.1650, subpart 1;

(8) part 9525.1660, subparts 8 and 12; and

(9) part 9525.1670, subparts 1 to 3 and 5.

Sec. 11. [DEMONSTRATION PROJECT.]

(a) The commissioner may establish a demonstration project to improve the efficiency and effectiveness of service provision for recipients of services from intermediate care facilities for persons with mental retardation or related conditions.

The commissioner shall establish procedures to implement the project. The demonstration project may be coordinated with other projects authorized in other areas. Participation by providers in the demonstration project is voluntary. The commissioner shall seek any necessary federal waivers to implement the pilot project.

(b) The commissioner may waive rules relating to the provision of residential services for persons with mental retardation or related conditions to the extent necessary to implement the demonstration project. In waiving rules, the commissioner shall consider the recommendations of persons who are and who represent consumers and providers of service and of representatives of state and local agencies administering services. Individuals receiving services under the demonstration project may not be denied rights or procedural protections under Minnesota Statutes, sections 245.825; 245.91 to 245.97; 252.41, subdivision 9; 256.045; 256B.092; 626.556; and 626.557, including the county agency's responsibility to arrange for appropriate services and procedures for the monitoring of psychotropic medications.

(c) The project must meet the following requirements:

(1) persons and their legal representatives, if any, must be provided with information about the project;

(2) the project must comply with applicable federal requirements;

(3) the project proposal must include specific measures to be taken to ensure the health, safety, and protection of the persons participating; and

(4) persons participating in the project must be informed when any part of Minnesota Rules is waived.

(d) The commissioner shall request and evaluate proposals from county agencies and provider organizations to participate. Upon federal approval, the commissioner shall enter into a performance-based contract with counties and existing licensed ICF/MR providers that specifies the amount and conditions of reimbursement, requirements for monitoring and evaluation, and expected client-based outcomes. Counties and providers shall present potential outcome indicators for consideration in the following areas:

(1) personal health, safety, and comfort;

(2) personal growth, independence, and productivity;

(3) client choice and control over daily life decisions;

(4) consumer, family, and the case manager's satisfaction with services; and

(5) community inclusion, including social relationships and participation in valued community roles.

Outcome indicators must be determined by the person and the legal representative, if any, with assistance from the county case manager and provider.

(e) The cost of services for intermediate care facilities for persons with mental retardation paid for under the contract must not exceed 95 percent of the cost of the services that would otherwise have been paid to the intermediate care facility or group of intermediate care facilities during a

biennium, including applicable special needs rates and rate adjustments, under the reimbursement system in effect at the time the contracted rate is effective. An intermediate care facility participating in the demonstration project must continue to be licensed. After participation in the project, the facility may be recertified as an intermediate care facility for persons with mental retardation, notwithstanding the provisions of Minnesota Statutes, section 252.291, or the services provided under the demonstration project may be converted to home- and community-based services authorized under Minnesota Statutes, section 256B.092, if the applicable standards are met. The rate paid to a recertified facility must not be greater than the rate paid to the facility before participation in the project. The commissioner may establish emergency rate setting procedures to allow for the transition back to intermediate care services for persons with mental retardation or related conditions.

Sec. 12. [AUTHORITY TO SEEK FEDERAL WAIVER.]

Subdivision 1. [AUTHORITY.] *The commissioner of human services may seek federal waivers necessary to implement an integrated management and planning system for persons with mental retardation or related conditions that would enable the commissioner to achieve the goals in subdivisions 2 to 4.*

Subd. 2. [COMPREHENSIVE REFORM.] *The system shall include new methods of administering services for persons with mental retardation or related conditions that support the needs of the persons and their families in the community to the maximum extent possible.*

Subd. 3. [SERVICE ACCESS AND COORDINATION.] *The system must include procedural requirements for accessing services that are simple and easily understood by the person or their legal representative, if any. Where duplicative, the requirements shall be unified or streamlined, as appropriate. Service coordination activities shall be flexible to allow the person's needs and preferences to be met.*

Subd. 4. [REGULATORY STANDARDS AND QUALITY ASSURANCE.] *Regulatory standards requiring unnecessary paperwork, determined to be duplicative, or which are ineffective in establishing accountability in service delivery must be eliminated. Quality assurance methods must continue to include safeguards to ensure the health and welfare of persons receiving services.*

Subd. 5. [REPORT.] *The commissioner shall report to the legislature by January 1, 1994, on the results of the waiver request. If the waiver is approved, the report must include recommendations to implement the waiver, including budget recommendations, proposed strategies, and implementation timelines.*

Sec. 13. [DOWNSIZING PILOT PROJECT.]

(a) The commissioner of human services shall establish a pilot project in Cottonwood county to downsize to 21 beds an existing 45-bed intermediate care facility for persons with mental retardation or related conditions. The project must be approved by the commissioner under Minnesota Statutes, section 252.28, and must include criteria for determining how individuals are selected for alternative services and the use of a request for proposal process in selecting the vendors for alternative services. The project must include:

(1) alternative services for the residents being relocated;

(2) timelines for resident relocation and decertification of beds; and

(3) adjustment of the facility's operating cost rate under Minnesota Rules, part 9553.0050, as necessary to implement the project.

(b) The facility's aggregate investment-per-bed limit in effect before downsizing must be the facility's investment-per-bed limit after downsizing. The facility's total revenues after downsizing must not increase as a result of the downsizing project. The facility's total revenues before downsizing are determined by multiplying the payment rate in effect the day before the downsizing is effective by the number of resident days for the reporting year preceding the downsizing project. For the purpose of this project, the average medical assistance rate for home- and community-based services must not exceed the rate made available under Laws 1992, chapter 513, article 5, section 2.

Sec. 14. [REPEALER.]

Minnesota Statutes 1992, section 252.46, subdivisions 12, 13, and 14, are repealed.

Sec. 15. [EFFECTIVE DATE.]

Section 13 is effective July 1, 1994.

ARTICLE 5

HEALTH CARE ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 62A.045, is amended to read:

62A.045 [PAYMENTS ON BEHALF OF WELFARE RECIPIENTS.]

No policy of accident and sickness insurance regulated under this chapter; vendor of risk management services regulated under section 60A.23; nonprofit health service plan corporation regulated under chapter 62C; health maintenance organization regulated under chapter 62D; or self-insured plan regulated under chapter 62E shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to chapter 256; 256B; or 256D or services pursuant to section 252.27; 256.9351 to 256.9361; 260.251, subdivision 1a; or 393.07, subdivision 1 or 2. *No insurer providing benefits under policies covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.*

Notwithstanding any law to the contrary, when a person covered under a policy of accident and sickness insurance, risk management plan, nonprofit health service plan, health maintenance organization, or self-insured plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the department of human services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the insurer for those services. If the commissioner of human services notifies the insurer that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the insurer must be issued directly to the commissioner. Submission by the department to the insurer of the claim on a department of human

services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the insurer relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the insurer to the provider or the commissioner.

Sec. 2. Minnesota Statutes 1992, section 144A.071, is amended to read:

144A.071 [MORATORIUM ON CERTIFICATION OF NURSING HOME BEDS.]

Subdivision 1. [FINDINGS.] ~~The legislature finds that medical assistance expenditures are increasing at a much faster rate than the state's ability to pay them; that reimbursement for nursing home care and ancillary services comprises over half of medical assistance costs, and, therefore, controlling expenditures for nursing home care is essential to prudent management of the state's budget; that construction of new nursing homes and the addition of more nursing home beds to the state's long-term care resources inhibits the ability to control expenditures; that Minnesota already leads the nation in nursing home expenditures per capita, has the fifth highest number of beds per capita elderly, and that private paying individuals and medical assistance recipients have equivalent access to nursing home care; and that in the absence of a moratorium the increased numbers of nursing homes and nursing home beds will consume resources that would otherwise be available to develop a comprehensive long-term care system that includes a continuum of care. Unless action is taken, this expansion of bed capacity is likely to accelerate with the repeal of the certificate of need program effective March 15, 1984. The legislature also finds that Minnesota's dependence on institutional care for elderly persons is due in part to the dearth of alternative services in the home and community. The legislature also finds that further increases in the number of licensed nursing home beds, especially in nursing homes not certified for participation in the medical assistance program, is contrary to public policy, because: (1) nursing home residents with limited resources may exhaust their resources more rapidly in these facilities, creating the need for a transfer to a certified nursing home, with the concomitant risk of transfer trauma; (2) a continuing increase in the number of nursing home beds will foster continuing reliance on institutional care to meet the long-term care needs of residents of the state; (3) a further expansion of nursing home beds will diminish incentives to develop more appropriate and cost-effective alternative services and divert community resources that would otherwise be available to fund alternative services; (4) through corporate reorganization resulting in the separation of certified and licensed beds, a nursing home may evade the provisions of section 256B.48, subdivision 1, clause (a); and (5) it is in the best interests of the state to ensure that the long-term care system is designed to protect the private resources of individuals as well as to use state resources most effectively and efficiently.~~

The legislature declares that a moratorium on the licensure and medical assistance certification of new nursing home beds *and construction projects that exceed the lesser of $500,000 or 25 percent of a facility's appraised value* is necessary to control nursing home expenditure growth and enable the state to meet the needs of its elderly by providing high quality services in the most appropriate manner along a continuum of care.

Subd. 1a. [DEFINITIONS.] *For purposes of sections 144A.071 to 144A.073, the following terms have the meanings given them:*

(a) "attached fixtures" has the meaning given in Minnesota Rules, part 9549.0020, subpart 6.

(b) "buildings" has the meaning given in Minnesota Rules, part 9549.0020, subpart 7.

(c) "capital assets" has the meaning given in section 256B.421, subdivision 16.

(d) "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 applied for.

(e) "completion date" means the date on which a certificate of occupancy is issued for a construction project, or if a certificate of occupancy is not required, the date on which the construction project is available for facility use.

(f) "construction" means any erection, building, alteration, reconstruction, modernization, or improvement necessary to comply with the nursing home licensure rules.

(g) "construction project" means:

(1) a capital asset addition to, or replacement of a nursing home or certified boarding care home that results in new space or the remodeling of or renovations to existing facility space;

(2) the remodeling or renovation of existing facility space the use of which is modified as a result of the project described in clause (1). This existing space and the project described in clause (1) must be used for the functions as designated on the construction plans on completion of the project described in clause (1) for a period of not less than 24 months; or

(3) capital asset additions or replacements that are completed within 12 months before or after the completion date of the project described in clause (1).

(h) "new licensed" or "new certified beds" means:

(1) newly constructed beds in a facility or the construction of a new facility that would increase the total number of licensed nursing home beds or certified boarding care or nursing home beds in the state; or

(2) newly licensed nursing home beds or newly certified boarding care or nursing home beds that result from remodeling of the facility that involves relocation of beds but does not result in an increase in the total number of beds, except when the project involves the upgrade of boarding care beds to nursing home beds, as defined in section 144A.073, subdivision 1. "Remodeling" includes any of the type of conversion, renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1.

(i) "project construction costs" means the cost of the facility capital asset additions, replacements, renovations, or remodeling projects, construction site preparation costs, and related soft costs. Project construction costs also

include the cost of any remodeling or renovation of existing facility space which is modified as a result of the construction project.

Subd. 2. [MORATORIUM.] The commissioner of health, in coordination with the commissioner of human services, shall deny each request ~~by a nursing home or boarding care home, except an intermediate care facility for the mentally retarded,~~ for ~~addition of~~ new *licensed or* certified *nursing home or certified boarding care* beds ~~or for a change or changes in the certification status of existing beds~~ except as provided in subdivision 3 *or 4a, or section 144A.073*. ~~The total number of certified beds in the state shall remain at or decrease from the number of beds certified on May 23, 1983, except as allowed under subdivision 3.~~ "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of human services, in coordination with the commissioner of health, shall deny any request to issue a license under ~~sections 245A.01 to 245A.16 and~~ *section* 252.28 *and chapter 245A* to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount. ~~The commissioner of health shall deny each request for licensure of nursing home beds except as provided in subdivision 3.~~

In addition, the commissioner of health must not approve any construction project whose cost exceeds $500,000, or 25 percent of the facility's appraised value, whichever is less, unless:

(a) any construction costs exceeding the lesser of $500,000 or 25 percent of the facility's appraised value are not added to the facility's appraised value and are not included in the facility's payment rate for reimbursement under the medical assistance program; or

(b) the project:

(1) has been approved through the process described in section 144A.073;

(2) meets an exception in subdivision 3 *or 4a*;

(3) is necessary to correct violations of state or federal law issued by the commissioner of health;

(4) is necessary to repair or replace a portion of the facility that was destroyed by fire, lightning, or other hazards provided that the provisions of subdivision ~~3~~ *4a*, clause ~~(g)~~ *(a)*, are met; ~~or~~

(5) as of May 1, 1992, the facility has submitted to the commissioner of health written documentation evidencing that the facility meets the "commenced construction" definition as specified in subdivision ~~3~~ *1a*, clause ~~(b)~~ *(d)*, or that substantial steps have been taken prior to April 1, 1992, relating to the construction project. "Substantial steps" require that the facility has made arrangements with outside parties relating to the construction project and include the hiring of an architect or construction firm, submission of preliminary plans to the department of health or documentation from a financial institution that financing arrangements for the construction project have been made; *or*

(6) is being proposed by a licensed nursing facility that is not certified to participate in the medical assistance program and will not result in new licensed or certified beds.

Prior to the *final plan* approval of any construction project, the commissioner of health shall be provided with an itemized cost estimate for the *project* construction ~~project~~ *costs*. If a construction project is anticipated to be completed in phases, the total estimated cost of all phases of the project shall be submitted to the commissioner and shall be considered as one construction project. Once the construction project is completed and prior to the final clearance by the commissioner, the total ~~actual~~ *project construction* costs for the construction project shall be submitted to the commissioner. If the final *project* construction cost exceeds the *dollar* threshold in this subdivision, the commissioner of human services shall not recognize any of the *project* construction costs or the related financing costs in excess of this threshold in establishing the facility's property-related payment rate.

The dollar thresholds for construction projects are as follows: for construction projects other than those authorized in clauses (1) to (6), the dollar threshold is $500,000 or 25 percent of appraised value, whichever is less. For projects authorized after July 1, 1993, under clause (1), the dollar threshold is the cost estimate submitted with a proposal for an exception under section 144A.073, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a). For projects authorized under clauses (2) to (4), the dollar threshold is the itemized estimate project construction costs submitted to the commissioner of health at the time of final plan approval, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a).

The commissioner of health shall adopt emergency or permanent rules to implement this section or to amend the emergency rules for granting exceptions to the moratorium on nursing homes under section 144A.073. The authority to adopt emergency rules continues to December 30, 1992.

Subd. 3. [EXCEPTIONS *AUTHORIZING AN INCREASE IN BEDS.*] 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~~ *license or certify a new bed in place of one* decertified after ~~May 23, 1983~~ *July 1, 1993, as long as the number of certified plus newly certified or recertified beds does not exceed the number of beds licensed or certified on July 1, 1993*, 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)~~ *(b)* 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; *or*

~~(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 25 percent of the appraised value of the facility or $500,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed 25 percent of the appraised value of the facility or $500,000, 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)~~ *(c)* 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 long-term care planning committee 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. The relocated beds need not be licensed and certified at the new location simultaneously with the delicensing and decertification of the old beds and may be licensed and certified at any time after the old beds are delicensed and decertified;~~

~~(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, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or $500,000, whichever is less; or to license as nursing home beds boarding care beds in a facility with an addendum to its provider agreement effective beginning July 1, 1983, if the boarding care beds to be upgraded meet the standards for nursing home licensure. 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;~~

~~(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;~~

~~(t) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of $200,000 or more;~~

~~(u) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;~~

~~(v) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules; or~~

~~(w) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds.~~

Subd. 4. [MONITORING EXCEPTIONS FOR REPLACEMENT BEDS.] The commissioner of health, in coordination with the commissioner of human services, shall implement mechanisms to monitor and analyze the effect of the moratorium in the different geographic areas of the state. The commissioner of health shall submit to the legislature, no later than January 15, 1984, and annually thereafter, an assessment of the impact of the moratorium by geographic area, with particular attention to service deficits or problems and a corrective action plan.

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] *It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.*

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged 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;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) 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;

(v) 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; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) 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 25 percent of the appraised value of the facility or $500,000, whichever is less;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) 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;

(e) 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, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or $500,000, 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 beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) 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 St. 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 paragraph;

(g) 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;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of $200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed 25 percent of the appraised value of the facility or $500,000, whichever is less;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1995;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993; or

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a $100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified.

Subd. 5. [REPORT.] The ~~commissioner of the state planning agency, in consultation with the~~ commissioners of health and human services~~,~~ shall report to the senate health ~~and human services~~ *care* committee and the house health and ~~welfare~~ *human services* committee by January 15, 1986 and biennially thereafter regarding:

(1) projections on the number of elderly Minnesota residents including medical assistance recipients;

(2) the number of residents most at risk for nursing home placement;

(3) the needs for long-term care and alternative home and noninstitutional services;

(4) availability of and access to alternative services by geographic region; and

(5) the necessity or desirability of continuing, modifying, or repealing the moratorium in relation to the availability and development of the continuum of long-term care services.

Subd. 6. [PROPERTY-RELATED PAYMENT RATES OF NEW BEDS.] *The property-related payment rates of nursing home or boarding care home beds certified or recertified under subdivision 3 or 4a, shall be adjusted according to Minnesota nursing facility reimbursement laws and rules unless the facility has made a commitment in writing to the commissioner of human services not to seek adjustments to these rates due to property-related expenses incurred as a result of the certification or recertification. Any licensure or certification action authorized under repealed statutes which were approved by the commissioner of health prior to July 1, 1993, shall remain in effect. Any conditions pertaining to property rate reimbursement covered by these repealed statutes prior to July 1, 1993, remain in effect.*

Subd. 7. [SUBMISSION OF COST INFORMATION.] *Before approval of final construction plans for a nursing home or a certified boarding care home construction project, the licensee shall submit to the commissioner of health an itemized statement of the project construction cost estimates.*

If the construction project includes a capital asset addition, replacement, remodeling, or renovation of space such as a hospital, apartment, or shared or common areas, the facility must submit to the commissioner an allocation of capital asset costs, soft costs, and debt information prepared according to Minnesota Rules, part 9549.

Project construction cost estimates must be prepared by a contractor or architect and other licensed participants in the development of the project.

Subd. 8. [FINAL APPROVAL.] *Before conducting the final inspection of the construction project required by Minnesota Rules, part 4660.0100, and issuing final clearances for use, the licensee shall provide to the commissioner of health the total project construction costs of the construction project. If total costs are not available, the most recent cost figures shall be provided. Final cost figures shall be submitted to the commissioner when available. The commissioner shall provide a copy of this information to the commissioner of human services.*

Sec. 3. Minnesota Statutes 1992, section 144A.073, subdivision 2, is amended to read:

Subd. 2. [REQUEST FOR PROPOSALS.] At the intervals specified in rules, the interagency committee shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision ~~3~~ *4a*, clause ~~(j)~~ *(c)*. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency committee within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. To be considered for approval, a proposal must include the following information:

(1) whether the request is for renovation, replacement, upgrading, or conversion;

(2) a description of the problem the project is designed to address;

(3) a description of the proposed project;

(4) an analysis of projected costs, including initial construction and remodeling costs, site preparation costs, financing costs, and estimated operating costs during the first two years after completion of the project;

(5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;

(6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;

(7) the proposed timetable for commencing construction and completing the project; and

(8) other information required by rule of the commissioner of health.

Sec. 4. Minnesota Statutes 1992, section 144A.073, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency *long-term care planning* committee ~~for quality assurance~~ may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency committee shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the committee. The commissioners of human services and health shall provide staff and technical assistance to the committee for the review and analysis of proposals. The interagency committee shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The committee shall submit recommendations within 150 days of the date of the publication of the notice, based on a comparison and ranking of proposals using the criteria in subdivision 4. The commissioner of health shall approve or disapprove a project within 30 days after receiving the committee's recommendations. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision ~~3~~ *1a*, paragraph ~~(b)~~ *(d)*. The committee's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Sec. 5. Minnesota Statutes 1992, section 144A.073, is amended by adding a subdivision to read:

Subd. 3b. [AMENDMENTS TO APPROVED PROJECTS.] *(a) Nursing facilities that have received approval on or after July 1, 1993, for exceptions to the moratorium on nursing homes through the process described in this*

section may request amendments to the designs of the projects by writing the commissioner within 18 months of receiving approval. Applicants shall submit supporting materials that demonstrate how the amended projects meet the criteria described in paragraph (b).

(b) The commissioner shall approve requests for amendments for projects approved on or after July 1, 1993, according to the following criteria:

(1) the amended project designs must provide solutions to all of the problems addressed by the original application that are at least as effective as the original solutions;

(2) the amended project designs may not reduce the space in each resident's living area or in the total amount of common space devoted to resident and family uses by more than five percent;

(3) the costs recognized for reimbursement of amended project designs shall be the threshold amount of the original proposal as identified according to section 144A.071, subdivision 2, except under conditions described in clause (4); and

(4) total costs up to ten percent greater than the cost identified in clause (3) may be recognized for reimbursement if the proposer can document that one of the following circumstances is true:

(i) changes are needed due to a natural disaster;

(ii) conditions that affect the safety or durability of the project that could not have reasonably been known prior to approval are discovered;

(iii) state or federal law require changes in project design; or

(iv) documentable circumstances occur that are beyond the control of the owner and require changes in the design.

(c) Approval of a request for an amendment does not alter the expiration of approval of the project according to subdivision 3.

Sec. 6. Minnesota Statutes 1992, section 147.01, subdivision 6, is amended to read:

Subd. 6. [LICENSE SURCHARGE.] In addition to any fee established under section 214.06, the board shall assess an annual license surcharge of $400 against each physician licensed under this chapter. *The surcharge applies to a physician who is licensed as of or after the effective date of this section in Laws 1992, and whose license is issued or renewed on or after April 1, 1992, and is assessed* as follows:

(1) a physician whose license is issued or renewed between April 1 and September 30 shall be billed on or before November 15, and the physician must pay the surcharge by December 15; and

(2) a physician whose license is issued or renewed between October 1 and March 31 shall be billed on or before May 15, and the physician must pay the surcharge by June 15.

The board shall provide that the surcharge payment must be remitted to the commissioner of human services to be deposited in the general fund under section 256.9656. The board shall not renew the license of a physician who has not paid the surcharge required under this section. The board shall

promptly provide to the commissioner of human services upon request information available to the board and specifically required by the commissioner to operate the provider surcharge program. The board shall limit the surcharge to physicians residing in Minnesota and the states contiguous to Minnesota upon notification from the commissioner of human services that the federal government has approved a waiver to allow the surcharge to be applied in that manner.

Sec. 7. Minnesota Statutes 1992, section 147.02, subdivision 1, is amended to read:

Subdivision 1. [UNITED STATES OR CANADIAN MEDICAL SCHOOL GRADUATES.] The board shall, with the consent of six of its members, issue a license to practice medicine to a person who meets the following requirements:

(a) An applicant for a license shall file a written application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board of being a graduate of a medical or osteopathic school located in the United States, its territories or Canada, and approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant data, or is currently enrolled in the final year of study at the school.

(c) The applicant must have passed a comprehensive examination for initial licensure prepared and graded by the national board of medical examiners or the federation of state medical boards. The board shall by rule determine what constitutes a passing score in the examination.

(d) The applicant shall present evidence satisfactory to the board of the completion of one year of graduate, clinical medical training in a program accredited by a national accrediting organization approved by the board or other graduate training approved in advance by the board as meeting standards similar to those of a national accrediting organization.

(e) The applicant shall make arrangements with the executive director to appear in person before the board or its designated representative to show that the applicant satisfies the requirements of this section. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation.

(f) The applicant shall pay a fee established by the board by rule. The fee may not be refunded. *Upon application or notice of license renewal, the board must provide notice to the applicant and to the person whose license is scheduled to be issued or renewed of any additional fees, surcharges, or other costs which the person is obligated to pay as a condition of licensure. The notice must:*

(1) state the dollar amount of the additional costs;

(2) clearly identify to the applicant the payment schedule of additional costs; and

(3) advise the applicant of the right to apply to be excused from the surcharge if a waiver is granted under section 256.9657, subdivision 1b, or

relinquish the license to practice medicine in lieu of future payment if applicable.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate.

Sec. 8. Minnesota Statutes 1992, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN ~~MEDICAL ASSISTANCE ACCOUNT~~ *THE GENERAL FUND.*] Except as provided in subdivisions 2 and 5, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the ~~medical assistance account and are appropriated for that purpose~~ *general fund*. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 9. Minnesota Statutes 1992, section 256.015, subdivision 4, is amended to read:

Subd. 4. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages to the injured person when the state agency has paid for or become liable for the cost of medical care or payments related to the injury. Notice must be given as follows:

(a) Applicants for public assistance shall notify the state or county agency of any possible claims they may have against a person, firm, or corporation when they submit the application for assistance. Recipients of public assistance shall notify the state or county agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of public assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement. *A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.*

Notice given to the county agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 10. [256.027] [USE OF VANS PERMITTED.]

The commissioner, after consultation with the commissioner of public safety, shall prescribe procedures to permit the occasional use of lift-equipped vans that have been financed, in whole or in part, by public money to transport an individual whose own lift-equipped vehicle is unavailable because of equipment failure and who is thus unable to complete a trip home or to a medical facility. For purposes of prescribing these procedures, the commissioner is exempt from the provisions of chapter 14. The commissioner

shall encourage publicly financed lift-equipped vans to be made available to a county sheriff's department, and to other persons who are qualified to drive the vans and who are also qualified to assist the individual in need of transportation, for this purpose.

Sec. 11. Minnesota Statutes 1992, section 256.9657, subdivision 1, is amended to read:

Subdivision 1. [NURSING HOME LICENSE SURCHARGE.] *(a)* Effective ~~October 1, 1992~~ *July 1, 1993*, each non-state-operated nursing home licensed under chapter 144A shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4. The surcharge shall be calculated as ~~$535~~ *$620* per *licensed* bed ~~licensed on the previous July 1, except that~~. If the number of licensed beds is reduced ~~after July 1 but prior to August 1~~, the surcharge shall be based on the number of remaining licensed beds *the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed.* ~~A nursing home entitled to a reduction in the number of beds subject to the surcharge under this provision must demonstrate to the satisfaction of the commissioner by August 5 that the number of beds has been reduced.~~ *The nursing home must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. Beds on layaway status continue to be subject to the surcharge. The commissioner of human services must acknowledge a medical care surcharge appeal within 30 days of receipt of the written appeal from the provider.*

(b) Effective July 1, 1994, the surcharge in paragraph (a) shall be increased to $625.

Sec. 12. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 1b. [PHYSICIAN SURCHARGE WAIVER REQUEST.] *(a) The commissioner shall request a waiver from the secretary of health and human services to exclude from the surcharge under section 147.01, subdivision 6, a physician whose license is issued or renewed on or after April 1, 1993, and who:*

(1) provides physician services at a free clinic, community clinic, or in an underdeveloped foreign nation and does not charge for any physician services;

(2) has taken a leave of absence of at least one year from the practice of medicine but who intends to return to the practice in the future;

(3) is unable to practice medicine because of terminal illness or permanent disability as certified by an attending physician;

(4) is unemployed; or

(5) is retired.

(b) If a waiver is approved under this subdivision, the commissioner shall direct the board of medical practice to adjust the physician license surcharge under section 147.01, subdivision 6, accordingly.

Sec. 13. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 1c. [WAIVER IMPLEMENTATION.) *If a waiver is approved under subdivision 1b, the commissioner shall implement subdivision 1b as follows:*

(a) The commissioner, in cooperation with the board of medical practice, shall notify each physician whose license is scheduled to be issued or renewed between April 1 and September 30 that an application to be excused from the surcharge must be received by the commissioner prior to September 1 of that year for the period of 12 consecutive calendar months beginning December 15. For each physician whose license is scheduled to be issued or renewed between October 1 and March 31, the application must be received from the physician by March 1 for the period of 12 consecutive calendar months beginning June 15. For each physician whose license is scheduled to be issued or renewed between April 1 and September 30, the commissioner shall make the notification required in this paragraph by July 1. For each physician whose license is scheduled to be issued or renewed between October 1 and March 31, the commissioner shall make the notification required in this paragraph by January 1.

(b) The commissioner shall establish an application form for waiver applications. Each physician who applies to be excused from the surcharge under subdivision 1b, paragraph (a), clause (1), must include with the application:

(1) a statement from the operator of the facility at which the physician provides services, that the physician provides services without charge; and

(2) a statement by the physician that the physician will not charge for any physician services during the period for which the exemption from the surcharge is granted.

Each physician who applies to be excused from the surcharge under subdivision 1b, paragraph (a), clauses (2) to (5), must include with the application:

(i) the physician's own statement certifying that the physician does not intend to practice medicine and will not charge for any physician services during the period for which the exemption from the surcharge is granted;

(ii) the physician's own statement describing in general the reason for the leave of absence from the practice of medicine and the anticipated date when the physician will resume the practice of medicine, if applicable;

(iii) an attending physician's statement certifying that the applicant has a terminal illness or permanent disability, if applicable; and

(iv) the physician's own statement indicating on what date the physician retired or became unemployed, if applicable.

(c) The commissioner shall notify in writing the physicians who are excused from the surcharge under subdivision 1b.

(d) A physician who decides to charge for physician services prior to the end of the period for which the exemption from the surcharge has been granted under subdivision 1b, paragraph (a), clause (1), or to return to the practice of medicine prior to the end of the period for which the exemption from the surcharge has been granted under subdivision 1b, paragraph (a), clause (2),

(4), or (5), may do so by notifying the commissioner and shall be responsible for payment of the full surcharge for that period.

(e) Whenever the commissioner determines that the number of physicians likely to be excused from the surcharge under subdivision 1b may cause the physician surcharge to violate the requirements of Public Law Number 102-234 or regulations adopted under that law, the commissioner shall immediately notify the chairs of the senate health care committee and health care and family services funding division and the house of representatives human services committee and human services funding division.

Sec. 14. Minnesota Statutes 1992, section 256.9657, subdivision 2, is amended to read:

Subd. 2. [HOSPITAL SURCHARGE.] *(a)* Effective October 1, 1992, each Minnesota hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to 1.4 percent of net patient revenues excluding net Medicare revenues reported by that provider to the health care cost information system according to the schedule in subdivision 4.

(b) Effective July 1, 1994, the surcharge under paragraph (a) is increased to 1.56 percent.

Sec. 15. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION SURCHARGE.] *(a)* Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization as reported to the commissioner of health according to the schedule in subdivision 4.

(b) For purposes of this subdivision, total premium revenue means:

(1) premium revenue recognized on a prepaid basis from individuals and groups for provision of a specified range of health services over a defined period of time which is normally one month, excluding premiums paid to a health maintenance organization from the Federal Employees Health Benefit Program;

(2) premiums from Medicare wrap-around subscribers for health benefits which supplement Medicare coverage;

(3) Medicare revenue, as a result of an arrangement between a health maintenance organization and the health care financing administration of the federal Department of Health and Human Services, for services to a Medicare beneficiary; and

(4) medical assistance revenue, as a result of an arrangement between a health maintenance organization and a Medicaid state agency, for services to a medical assistance beneficiary.

If advance payments are made under clause (1) or (2) to the health maintenance organization for more than one reporting period, the portion of the payment that has not yet been earned must be treated as a liability.

Sec. 16. Minnesota Statutes 1992, section 256.9657, subdivision 7, is amended to read:

Subd. 7. [COLLECTION; CIVIL PENALTIES.] The provisions of sections 289A.35 to 289A.50 relating to the authority to audit, assess, collect, and pay refunds of other state taxes may be implemented by the commissioner of human services with respect to the tax, penalty, and interest imposed by this section and section 147.01, subdivision 6. The commissioner of human services shall impose civil penalties for violation of this section or section 147.01, subdivision 6, as provided in section 289A.60, and the tax and penalties are subject to interest at the rate provided in section 270.75. *The commissioner of human services shall have the power to abate penalties and interest when discrepancies occur resulting from, but not limited to, circumstances of error and mail delivery. The commissioner of human services shall bring appropriate civil actions to collect provider payments due under this section and section 147.01, subdivision 6.*

Sec. 17. Minnesota Statutes 1992, section 256.9685, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner shall establish procedures for determining medical assistance and general assistance medical care payment rates under a prospective payment system for inpatient hospital services in hospitals that qualify as vendors of medical assistance. The commissioner shall establish, by rule, procedures for implementing this section and sections 256.9686, 256.969, and 256.9695. The medical assistance payment rates must be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of recipients in efficiently and economically operated hospitals. Services must meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b), to be eligible for payment except the commissioner may establish exemptions to specific requirements based on diagnosis, procedure, or service after notice in the State Register and a 30-day comment period.

Subd. 1a. [ADMINISTRATIVE RECONSIDERATION.] *Notwithstanding sections 256B.04, subdivision 15, and 256D.03, subdivision 7,* the commissioner ~~may~~ *shall* establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. The reconsideration process shall take place prior to the ~~contested case~~ procedures of ~~chapter 14~~ *subdivision 1b* and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Subd. 1b. [APPEAL OF RECONSIDERATION.] Notwithstanding section 256B.72, the commissioner may recover inpatient hospital payments for services that have been determined to be medically unnecessary ~~under~~ *after* the reconsideration ~~process~~ *and determinations. A physician or hospital may appeal the result of the reconsideration process by submitting a written request for review to the commissioner within 30 days after receiving notice of the action. The commissioner shall review the medical record and information submitted during the reconsideration process and the medical review agent's basis for the determination that the services were not medically necessary for inpatient hospital services. The commissioner shall issue an order upholding or reversing the decision of the reconsideration process*

based on the review. A hospital or physician who is aggrieved by an order of the commissioner may appeal the order to the district court of the county in which the physician or hospital is located by serving a written copy of the notice of appeal upon the commissioner within 30 days after the date the commissioner issued the order.

Sec. 18. Minnesota Statutes 1992, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program *and shall be limited to five percent under the medical assistance program* for admissions occurring during the biennium ending June 30, ~~1993, and the hospital cost index under medical assistance, excluding general assistance medical care, shall be increased by one percentage point to reflect changes in technology for admissions occurring after September 30, 1992~~ *1995*.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, ~~excluding the technology factor under paragraph (a),~~ nor under general assistance medical care. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 19. Minnesota Statutes 1992, section 256.969, subdivision 8, is amended to read:

Subd. 8. [UNUSUAL ~~COST OR~~ LENGTH OF STAY EXPERIENCE.] The commissioner shall establish day ~~and cost~~ outlier thresholds for each diagnostic category established under subdivision 2 at two standard deviations beyond the 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, after adjustment by the case mix index, hospital cost index, relative values and the disproportionate population adjustment. The outlier threshold for neonatal and burn diagnostic categories shall be established at one standard deviation beyond the 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 to the 70 percent outlier payment that is at a minimum of 60 percent and a maximum of 80 percent if the commissioner is notified in writing of the request by

October 1 of the year preceding the rate year. The chosen percentage applies to all diagnostic categories except burns and neonates. The percentage of allowable cost that is unrecognized by the outlier payment shall be added back to the base year operating payment rate per admission. ~~Cost outliers shall be calculated using hospital specific allowable cost data. If a stay is both a day and a cost outlier, outlier payments shall be based on the higher outlier payment.~~

Sec. 20. Minnesota Statutes, section 256.969, subdivision 9, as amended by Laws 1993, chapter 20, section 1, is amended to read:

Subd. 9. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] *(a)* For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this ~~section~~ *paragraph*. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utiliza-

tion rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service.

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class; and

(3) for a hospital that (i) had medical assistance fee-for-service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee-for-service payment volume; or (ii) had medical assistance fee-for-service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee-for-service payment volume and is affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: $1,010,000 due on the 15th of each month after noon, beginning July 15, 1993.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2) on a nondiscounted hospital-specific basis, but shall not adjust those rates to reflect payments provided in clause (3).

(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.

(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.

Sec. 21. Minnesota Statutes 1992, section 256.969, subdivision 9a, as amended by Laws 1993, chapter 20, section 2, is amended to read:

Subd. 9a. [DISPROPORTIONATE POPULATION ADJUSTMENTS ~~AFTER JANUARY~~ *UNTIL JULY* 1, 1993.] (a) For admissions occurring between January 1, 1993, and June 30, 1993, the adjustment under this subdivision shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of one standard deviation above the arithmetic mean. The adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, and the result must be multiplied by 1.1.

~~(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and~~

~~facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of one standard deviation above the arithmetic mean. The adjustment must be determined by multiplying the operating payment rate by the difference between the hospital's actual medical assistance inpatient utilization rate and one standard deviation above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service.~~

~~(c) If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this section. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.~~ *The provisions of this paragraph are effective only if federal matching funds are not available for all adjustments under this subdivision and it is necessary to implement ratable reductions under subdivision 9b.*

Sec. 22. Minnesota Statutes 1992, section 256.969, subdivision 20, as amended by Laws 1993, chapter 20, section 4, is amended to read:

Subd. 20. [INCREASES IN MEDICAL ASSISTANCE INPATIENT PAYMENTS; CONDITIONS.] (a) Medical assistance inpatient payments shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had 100 or fewer Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(b) Medical assistance inpatient payments shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occurred between July 1, 1988, and December 31, 1990, if: (i) the hospital had more than 100 but fewer than 250 Minnesota medical assistance annualized paid admissions, excluding Medicare crossovers, that were paid by March 1, 1988, for the period January 1, 1987, to June 30, 1987; (ii) the hospital had 100 or fewer licensed beds on March 1, 1988; (iii) the hospital is located in Minnesota; and (iv) the hospital is not located in a city of the first class as defined in section 410.01. For purposes of this paragraph, medical assistance does not include general assistance medical care.

(c) Medical assistance inpatient payment rates shall increase 20 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur on or after October 1, 1992, 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 a

hospital that qualifies for an adjustment under this paragraph and under subdivision 9~~, 9a, or 22~~ *or 23*, the hospital must be paid the adjustment under subdivisions 9~~, 9a, and 22~~ *and 23*, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment under those subdivisions. For this paragraph, medical assistance does not include general assistance medical care.

(d) Medical assistance inpatient payment rates shall increase 15 percent for inpatient hospital originally paid admissions, excluding Medicare crossovers, that occur after September 30, 1992, 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 a hospital that qualifies for an adjustment under this paragraph and under subdivision 9~~, 9a, or 22~~ *or 23*, the hospital must be paid the adjustment under subdivisions 9~~, 9a, and 22~~ *and 23*, as applicable, plus any amount by which the adjustment under this paragraph exceeds the adjustment under those subdivisions. For purposes of this paragraph, medical assistance does not include general assistance medical care.

Sec. 23. Minnesota Statutes 1992, section 256.969, subdivision 22, as amended by Laws 1993, chapter 20, section 5, is amended to read:

Subd. 22. [HOSPITAL PAYMENT ADJUSTMENT.] For admissions occurring from January 1, 1993, until June 30, 1993, the commissioner shall adjust the medical assistance payment paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment under clause (1) for that hospital by 1.1. Any payment under this clause must be reduced by the amount of any payment received under subdivision 9a. For purposes of this subdivision, medical assistance does not include general assistance medical care.

This subdivision is effective only if federal matching funds are not available for all adjustments under this subdivision and it is necessary to implement ratable reductions under subdivision 9b.

Sec. 24. Minnesota Statutes 1992, section 256.969, is amended by adding a subdivision to read:

Subd. 23. [HOSPITAL PAYMENT ADJUSTMENT AFTER JUNE 30, 1993.] *(a) For admissions occurring after June 30, 1993, the commissioner*

shall adjust the medical assistance payment paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment under clause (1) for that hospital by 1.1.

(b) Any payment under this subdivision must be reduced by the amount of any payment received under subdivision 9, paragraph (b), clause (1) or (2). For purposes of this subdivision, medical assistance does not include general assistance medical care.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in this section. The adjustment must be made on a nondiscounted hospital-specific basis.

Sec. 25. Minnesota Statutes 1992, section 256.969, is amended by adding a subdivision to read:

Subd. 24. [HOSPITAL PEER GROUPS.] *For admissions occurring on or after the later of July 1, 1994, or the implementation date of the upgrade to the Medicaid management information system, payment rates of each hospital shall be limited to the payment rates within its peer group so that the statewide payment level is reduced by ten percent under the medical assistance program and by 15 percent under the general assistance medical care program. For subsequent rate years, the limits shall be adjusted by the hospital cost index. The commissioner shall contract for the development of criteria for and the establishment of the peer groups. Peer groups must be established based on variables that affect medical assistance cost such as scope and intensity of services, acuity of patients, location, and capacity. Rates shall be standardized by the case mix index and adjusted, if applicable, for the variable outlier percentage. The peer groups may exclude and have separate limits or be standardized for operating cost differences that are not common to all hospitals in order to establish a minimum number of groups.*

Sec. 26. Minnesota Statutes 1992, section 256.9695, subdivision 3, is amended to read:

Subd. 3. [TRANSITION.] Except as provided in section 256.969, subdivision 8, the commissioner shall establish a transition period for the calculation of payment rates from July 1, 1989, to the implementation date of the upgrade to the Medicaid management information system or July 1, 1992, whichever is earlier.

During the transition period:

(a) Changes resulting from section 256.969, subdivisions 7, 9, 10, 11, and 13, shall not be implemented, except as provided in section 256.969, subdivisions 12 and 20.

(b) 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. For payments made for admissions occurring on or after June 1, 1990, until the implementation date of the upgrade to the Medicaid management information system the hospital cost index excluding the technology factor shall not exceed five percent. This hospital cost index limitation shall not apply to hospitals that meet the requirements of section 256.969, subdivision 20, paragraphs (a) and (b).

(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 the transition period. The laws in effect on the day before July 1, 1989, apply to the retroactive settlement.

(e) If the upgrade to the Medicaid management information system has not been completed by July 1, 1992, the commissioner shall make adjustments for admissions occurring on or after that date as follows:

(1) provide a ten percent increase to hospitals that meet the requirements of section 256.969, subdivision 20, or, upon written request from the hospital to the commissioner, 50 percent of the rate change that the commissioner estimates will occur after the upgrade to the Medicaid management information system; and

(2) adjust the *Minnesota and local trade area* rebased payment rates that are established after the upgrade to the Medicaid management information system to compensate for a rebasing effective date of July 1, 1992. The adjustment shall be ~~based on the change in rates from July 1, 1992, to the rebased rates in effect under~~ *determined using claim specific payment changes that result from the rebased rates and revised methodology in effect after* the systems upgrade. ~~The~~ *Any adjustment that is greater than zero shall be rateably reduced by 20 percent. In addition, every* adjustment shall ~~reflect~~ *be reduced for* payments under clause (1), *and* differences in the hospital cost index ~~and dissimilar rate establishment procedures such as the variable outlier and the treatment of births and~~. *Hospitals shall revise claims so that services provided by* rehabilitation units of hospitals *are reported separately.* The adjustment shall be in effect ~~for a period not to exceed the amount of time from July 1, 1992, to the systems upgrade~~ *until the amount due to or owed by the hospital is fully paid over a number of admissions that is equal to the number of admissions under adjustment multiplied by 1.5. The adjustment for admissions occurring from July 1, 1992, to December 31, 1992, shall be based on claims paid as of August 1, 1993, and the adjustment shall begin with the effective date of rules governing rebasing. The adjustment for admissions occurring from January 1, 1993, to the effective date of the rules shall be based on claims paid as of February 1, 1994, and shall begin after the first adjustment period is fully paid. For purposes of appeals under subdivision 1, the adjustment shall be considered payment at the time of admission.*

Sec. 27. [256B.037] [PROSPECTIVE PAYMENT OF DENTAL SERVICES.]

Subdivision 1. [CONTRACT FOR DENTAL SERVICES.] *The commissioner may conduct a demonstration project to contract, on a prospective per capita payment basis, with an organization or organizations licensed under chapter 62C or 62D, for the provision of all dental care services beginning July 1, 1994, under the medical assistance, general assistance medical care, and MinnesotaCare programs, or when necessary waivers are granted by the secretary of health and human services, whichever occurs later. The commissioner shall identify a geographic area or areas, including both urban and rural areas, where access to dental services has been inadequate, in which to conduct demonstration projects. The commissioner shall seek any federal waivers or approvals necessary to implement this section from the secretary of health and human services.*

The commissioner may exclude from participation in the demonstration project any or all groups currently excluded from participation in the prepaid medical assistance program under section 256B.69.

Subd. 2. [ESTABLISHMENT OF PREPAYMENT RATES.] *The commissioner shall consult with an independent actuary to establish prepayment rates, but shall retain final authority over the methodology used to establish the rates. The prepayment rates shall not result in payments that exceed the per capita expenditures that would have been made for dental services by the programs under a fee-for-service reimbursement system. The package of dental benefits provided to individuals under this subdivision shall not be less than the package of benefits provided under the medical assistance fee-for-service reimbursement system for dental services.*

Subd. 3. [APPEALS.] *All recipients of services under this section have the right to appeal to the commissioner under section 256.045.*

Subd. 4. [INFORMATION REQUIRED BY COMMISSIONER.] *A contractor shall submit encounter-specific information as required by the commissioner, including, but not limited to, information required for assessing client satisfaction, quality of care, and cost and utilization of services.*

Subd. 5. [OTHER CONTRACTS PERMITTED.] *Nothing in this section prohibits the commissioner from contracting with an organization for comprehensive health services, including dental services, under section 256B.031, 256B.035, 256B.69, or 256D.03, subdivision 4, paragraph (c).*

Sec. 28. Minnesota Statutes 1992, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards

or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and supervision by the registered nurse supervising the personal care assistant;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) 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 *and shall waive the requirement for personal care assistants required to join an agency for the first time during 1993 when personal care services are provided under a relative hardship waiver under section 256B.0627, subdivision 4, paragraph (b), clause (7), and at least two agencies providing personal care services have refused to employ or contract with the independent personal care assistant.*

Sec. 29. Minnesota Statutes 1992, section 256B.042, subdivision 4, is amended to read:

Subd. 4. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of that care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of

medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is a party to a claim upon which the state agency may be entitled to a lien under this section shall notify the state agency of its potential lien claim before filing a claim, commencing an action, or negotiating a settlement. *A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.*

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 30. Minnesota Statutes 1992, section 256B.055, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN ELIGIBLE FOR SUBSIDIZED ADOPTION ASSISTANCE.] Medical assistance may be paid for a child eligible for or receiving adoption assistance payments under title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676, *and to any child who is not title IV-E eligible but who was determined eligible for adoption assistance* under Minnesota Statutes, section 259.40 ~~or 259.431~~, *subdivision 4, clauses (a) to (c), and has a special need for medical or rehabilitative care.*

Sec. 31. Minnesota Statutes 1992, section 256B.056, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD; EXCLUSION FOR INSTITUTIONALIZED PERSONS.] The homestead shall be excluded for the first six calendar months of a person's stay in a long-term care facility and shall continue to be excluded for as long as the recipient can be reasonably expected to return~~, as provided under the methodologies for the supplemental security income program~~ *to the homestead. For purposes of this subdivision, "reasonably expected to return to the homestead" means the recipient's attending physician has certified that the expectation is reasonable, and the recipient can show that the cost of care upon returning home will be met through medical assistance or other sources.* 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 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.

Sec. 32. Minnesota Statutes 1992, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, *or a surviving spouse of a veteran having no child,* the amount of ~~any veteran's pension~~ *an improved pension received from the veteran's administration* not exceeding $90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to $100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 33. Minnesota Statutes 1992, section 256B.059, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY SPOUSE ASSET ALLOWANCE.] ~~(a)~~ An institutionalized spouse may transfer assets to the community spouse solely for the benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is ~~the greater of~~ *as follows*:

(1) ~~$12,000~~ *prior to July 1, 1994, the greater of:*

(i) $14,148;

~~(2)~~ *(ii)* the lesser of the spousal share or ~~$60,000~~ *$70,740*; or

~~(3)~~ *(iii)* the amount required by court order to be paid to the community spouse*; and*

(2) for persons who begin their first continuous period of institutionalization on or after July 1, 1994, the greater of:

(i) $20,000;

(ii) the lesser of the spousal share or $70,740; or

(iii) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, ~~1990~~ *1994*, and every January 1 thereafter, the ~~$12,000 and $60,000~~ limits *in this subdivision* shall be adjusted by the same percentage change in the consumer price index for all urban consumers (all items; United States city average) between the two previous Septembers. These adjustments shall also be applied to the ~~$12,000 and $60,000~~ limits in subdivision 5.

Sec. 34. Minnesota Statutes 1992, 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~~ *following*:

(1) ~~$12,000; or~~ *prior to July 1, 1994, the greater of:*

(i) $14,148;

~~(2)~~ *(ii)* the lesser of the spousal share or ~~$60,000~~ *$70,740*; or

~~(3)~~ *(iii)* the amount required by court order to be paid to the community spouse;

(2) for persons who begin their first continuous period of institutionalization on or after July 1, 1994, the greater of:

(i) $20,000;

(ii) the lesser of the spousal share or $70,740; or

(iii) 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~~ *3*; (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) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) 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. 35. Minnesota Statutes 1992, section 256B.0595, is amended to read:

256B.0595 [PROHIBITIONS ON TRANSFER; EXCEPTIONS.]

Subdivision 1. [PROHIBITED TRANSFERS.] (a) If 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 before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any

time 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.

(b) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, a person, a person's spouse, or a person's authorized representative may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for medical assistance, any transfer of an asset within 60 months preceding application for medical assistance or during the period of medical assistance eligibility, including assets excluded under section 256B.056, subdivision 3, for less than fair market value may be considered. Any transfer for less than fair market value made within 60 months preceding application for medical assistance or during the period of medical assistance eligibility is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for medical assistance for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivisions 3 or 4.

~~(b)~~ *(c)* This section applies to transfers, for less than fair market value, of income or assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments.

~~(c)~~ *(d)* This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

~~(d)~~ *(e)* This section applies to the portion of any asset or interest that a person or a person's spouse transfers to an irrevocable trust, annuity, or other instrument, that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care.

~~(e)~~ *(f)* 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.

Subd. 2. [PERIOD OF INELIGIBILITY.] *(a)* 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.

(b) For uncompensated transfers made on or after July 1, 1993, or upon federal approval, whichever is later, the number of months of ineligibility, including partial months, for medical assistance services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. If a calculation of a penalty period results in a partial month, payments for medical assistance services will be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, uncompensated transfers not to exceed $1,000 in total value per month shall be disregarded for each month prior to the month of application for medical assistance. 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 except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin in the month the first uncompensated transfer was made. The penalty in this paragraph shall not apply to uncompensated transfers of assets not to exceed a total of $1,000 per month during a medical assistance eligibility certification period. If the transfer was not reported to the local agency at the time of application, and the applicant received medical assistance 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 medical assistance 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.

(c) If the total value of all uncompensated transfers made in a month exceeds $1,000, the disregards allowed under paragraph (b) do not apply.

Subd. 3. [HOMESTEAD EXCEPTION TO TRANSFER PROHIBITION.] (a) An institutionalized person is not ineligible for long-term care services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.

(b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists against the person to whom the homestead was 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 chapter 256G.

(c) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person is not ineligible for medical assistance services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

(1) title to the homestead was transferred to the individual's

(i) spouse;

(ii) child who is under age 21;

(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;

(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.

(d) When a waiver is granted under paragraph (c), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of medical assistance services granted during the period of ineligibility under subdivision 2, 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 chapter 256G.

Subd. 4. [OTHER EXCEPTIONS TO TRANSFER PROHIBITION.] *(a)* An institutionalized person 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 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 a 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.

(b) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for medical assistance services if one of the following conditions 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 a 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 medical assistance 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 medical assistance services granted during the period of ineligibility determined under subdivision 2 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.

Subd. 5. [NOTICE OF RECEIPT OF FEDERAL WAIVER.] *In every instance in which a federal waiver that allows the implementation of a provision in this section is granted, the commissioner shall publish notice of receipt of the waiver in the state register.*

Sec. 36. Minnesota Statutes 1992, section 256B.0625, subdivision 3, is amended to read:

Subd. 3. [PHYSICIANS' SERVICES.] Medical assistance covers physicians' services. *Rates paid for anesthesiology services provided by physicians shall be according to the formula utilized in the Medicare program and shall use a conversion factor "at percentile of calendar year set by legislature."*

Sec. 37. Minnesota Statutes 1992, section 256B.0625, subdivision 6a, is amended to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services ~~at~~ *for residents of* a hospital, nursing facility, intermediate care facility, or a health care facility licensed by the commissioner of health, unless the program is funded under a home- and community-based services waiver or unless the commissioner of human services has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility *or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the home health services or forgoes the facility per diem for the leave days that home health services are used.* Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 38. Minnesota Statutes 1992, section 256B.0625, subdivision 7, is amended to read:

Subd. 7. [PRIVATE DUTY NURSING.] Medical assistance covers private duty nursing services in a recipient's home. Recipients who are authorized to receive private duty nursing services in their home may use approved hours outside of the home during hours when normal life activities take them outside of their home and when, without the provision of private duty nursing, their health and safety would be jeopardized. Medical assistance does not cover private duty nursing services ~~at~~ *for residents of* a hospital, nursing facility, intermediate care facility, or a health care facility licensed by the commissioner of health, except as authorized in section 256B.64 for ventilator-

dependent recipients in hospitals *or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the private duty nursing services or forgoes the facility per diem for the leave days that private duty nursing services are used*. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed in an in-home setting according to section 256B.0627. All private duty nursing services must be provided according to the limits established under section 256B.0627. Private duty nursing services may not be reimbursed if the nurse is the spouse of the recipient or the parent or foster care provider of a recipient who is under age 18, or the recipient's legal guardian.

Sec. 39. Minnesota Statutes 1992, section 256B.0625, subdivision 11, is amended to read:

Subd. 11. [NURSE ANESTHETIST SERVICES.] Medical assistance covers nurse anesthetist services. *Rates paid for anesthesiology services provided by certified registered nurse anesthetists shall be according to the formula utilized in the Medicare program and shall use the conversion factor that is used by the Medicare program.*

Sec. 40. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from ~~the Minnesota~~ *professional* medical ~~association~~ *associations* and ~~the Minnesota pharmacists association~~ *professional pharmacist associations*, 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~~ *three-year* terms and shall serve without compensation. *Members may be reappointed once*. The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the

requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; ~~nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product~~; anorectics; and drugs for which medical value has not been established. ~~Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act.~~ The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug

container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written – brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until ~~January 4, 1993, or~~ the date the *on-line, real-time* Medicaid Management Information System (MMIS) upgrade is *successfully* implemented, *as determined by the commissioner of administration*, ~~whichever occurs last,~~ a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 41. Minnesota Statutes 1992, section 256B.0625, subdivision 13a, is amended to read:

Subd. 13a. [DRUG UTILIZATION REVIEW BOARD.] A 12-member drug utilization review board is established. The board is comprised of six licensed physicians actively engaged in the practice of medicine in Minnesota; five licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative. The board shall be staffed by an employee of the department who shall serve as an ex officio nonvoting member of the board. The members of the board shall be appointed by the commissioner and shall serve three-year terms. The physician members shall be selected from ~~a list~~ *lists* submitted by ~~the Minnesota~~ *professional* medical ~~association~~ *associations*. The pharmacist members shall be selected from ~~a list~~ *lists* submitted by ~~the Minnesota~~ *professional* pharmacist ~~Association~~ *associations*. The commissioner shall appoint the initial members of the board for

terms expiring as follows: four members for terms expiring June 30, 1995; four members for terms expiring June 30, 1994; and four members for terms expiring June 30, 1993. Members may be reappointed once. The board shall annually elect a chair from among the members.

The commissioner shall, with the advice of the board:

(1) implement a medical assistance retrospective and prospective drug utilization review program as required by United States Code, title 42, section 1396r-8(g)(3);

(2) develop and implement the predetermined criteria and practice parameters for appropriate prescribing to be used in retrospective and prospective drug utilization review;

(3) develop, select, implement, and assess interventions for physicians, pharmacists, and patients that are educational and not punitive in nature;

(4) establish a grievance and appeals process for physicians and pharmacists under this section;

(5) publish and disseminate educational information to physicians and pharmacists regarding the board and the review program;

(6) adopt and implement procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the review program that identifies individual physicians, pharmacists, or recipients;

(7) establish and implement an ongoing process to (i) receive public comment regarding drug utilization review criteria and standards, and (ii) consider the comments along with other scientific and clinical information in order to revise criteria and standards on a timely basis; and

(8) adopt any rules necessary to carry out this section.

The board may establish advisory committees. The commissioner may contract with appropriate organizations to assist the board in carrying out the board's duties. The commissioner may enter into contracts for services to develop and implement a retrospective and prospective review program.

The board shall report to the commissioner annually on December 1. The commissioner shall make the report available to the public upon request. The report must include information on the activities of the board and the program; the effectiveness of implemented interventions; administrative costs; and any fiscal impact resulting from the program.

Sec. 42. Minnesota Statutes 1992, section 256B.0625, subdivision 15, is amended to read:

Subd. 15. [HEALTH PLAN PREMIUMS *AND COPAYMENTS*.] Medical assistance covers health care prepayment plan premiums ~~and~~, insurance premiums ~~if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act~~, *and copayments if determined to be cost-effective by the commissioner*. For purposes of obtaining Medicare part *A and part* B, *and copayments*, expenditures may be made even if federal funding is not available.

Sec. 43. Minnesota Statutes 1992, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates must not exceed ~~$13~~ *$14* for the base rate and ~~$1~~ *$1.10* per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.

Sec. 44. Minnesota Statutes 1992, section 256B.0625, subdivision 19a, is amended to read:

Subd. 19a. [PERSONAL CARE SERVICES.] Medical assistance covers personal care services in a recipient's home. Recipients who can direct their own care, or persons who cannot direct their own care when authorized by the responsible party, may use approved hours outside the home when normal life activities take them outside the home and when, without the provision of personal care, their health and safety would be jeopardized. Medical assistance does not cover personal care services ~~at~~ *for residents of* a hospital, nursing facility, intermediate care facility ~~or a~~, health care facility licensed by the commissioner of health, *or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the personal care services or forgoes the facility per diem for the leave days that personal care services are used* except as authorized in section 256B.64 for ventilator-dependent recipients in hospitals. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed for personal care services in an in-home setting according to section 256B.0627. All personal care services must be provided according to section 256B.0627. Personal care services may not be reimbursed if the personal care assistant is the spouse of the recipient or the parent of a recipient under age 18, the responsible party or the foster care provider of a recipient who cannot direct the recipient's own care or the recipient's legal guardian unless, in the case of a foster provider, a county or state case manager visits the recipient as needed, but no less than every six months, to monitor the health and safety of the recipient and to ensure the goals of the care plan are met. Parents of adult recipients, adult children of the recipient or adult siblings of the recipient may be reimbursed for personal care services if they are granted a waiver under section 256B.0627.

Sec. 45. Minnesota Statutes 1992, section 256B.0625, subdivision 27, is amended to read:

Subd. 27. [ORGAN AND TISSUE TRANSPLANTS.] Medical assistance coverage for organ ~~and tissue~~ transplant procedures is limited to those

procedures covered by the Medicare program~~, provided those~~ *heart-lung transplants for persons with primary pulmonary hypertension and performed at Minnesota transplant centers meeting united network for organ sharing criteria to perform heart-lung transplants; lung transplants using cadaveric donors and performed at Minnesota transplant centers meeting united network for organ sharing criteria to perform lung transplants; pancreas transplants for uremic diabetic recipients of kidney transplants and performed at Minnesota facilities meeting united network for organ sharing criteria to perform pancreas transplants; and allogeneic bone marrow transplants for persons with state III or IV Hodgkin's disease. Transplant* procedures *must* comply with all applicable laws, rules, and regulations governing (1) coverage by the Medicare program, (2) federal financial participation by the Medicaid program, and (3) coverage by the Minnesota medical assistance program. *Transplant centers must meet american society of hematology and clinical oncology criteria for bone marrow transplants and be located in Minnesota to receive reimbursement for bone marrow transplants.*

Sec. 46. Minnesota Statutes 1992, section 256B.0625, subdivision 28, is amended to read:

Subd. 28. [CERTIFIED NURSE PRACTITIONER SERVICES.] Medical assistance covers services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, *a certified obstetric/gynecological nurse practitioner,* or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

Sec. 47. Minnesota Statutes 1992, section 256B.0625, subdivision 29, is amended to read:

Subd. 29. [PUBLIC HEALTH NURSING CLINIC SERVICES.] Medical assistance covers the services of a certified public health nurse *or a registered 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 *or registered* nurse's license as a registered nurse, as defined in section 148.171.

Sec. 48. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] *Medical assistance covers nutritional products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's 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. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. 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.*

Sec. 49. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 33. [AMERICAN INDIAN HEALTH SERVICES FACILITIES.] *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.*

Sec. 50. [256B.0626] [ESTIMATION OF 50TH PERCENTILE OF PREVAILING CHARGES.]

(a) The 50th percentile of the prevailing charge for the base year identified in statute 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.

(b) When one of the situations identified in paragraph (a) occurs, the commissioner shall 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 reduce that 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.

Sec. 51. Minnesota Statutes 1992, section 256B.0627, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] (a) "Home care services" means a health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a care plan that is reviewed by the physician at least once every 60 days for the provision of home health services, or private duty nursing, or at least once every 365 days for personal

care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625.

(b) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(c) "Care plan" means a written description of the services needed which is ~~signed~~ *developed* by the *supervisory nurse together with the* recipient or responsible party and includes a detailed description of the covered home care services, who is providing the services, frequency and duration of services, and expected outcomes and goals ~~including expected date of goal accomplishment~~. *The provider must give the recipient or responsible party a copy of the completed care plan within 30 days of beginning home care services.*

(d) "Responsible party" means an individual residing with a recipient of personal care services who is capable of providing the supportive care necessary to assist the recipient to live in the community, is at least 18 years old, and is not a personal care assistant. Responsible parties who are parents of minors or guardians of minors or incapacitated persons may delegate the responsibility to another adult during a temporary absence of at least 24 hours but not more than six months. The person delegated as a responsible party must be able to meet the definition of responsible party, except that the delegated responsible party is required to reside with the recipient only while serving as the responsible party. Foster care license holders may be designated the responsible party for residents of the foster care home if case management is provided as required in section 256B.0625, subdivision 19a. For persons who, as of April 1, 1992, are sharing personal care services in order to obtain the availability of 24-hour coverage, an employee of the personal care provider organization may be designated as the responsible party if case management is provided as required in section 256B.0625, subdivision 19a.

Sec. 52. Minnesota Statutes 1992, section 256B.0627, subdivision 4, is amended to read:

Subd. 4. [PERSONAL CARE SERVICES.] (a) 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) *delegated therapy tasks specific to maintaining a recipient's optimal level of functioning, including* range of motion *and muscle strengthening* exercises;

(4) respiratory assistance;

(5) transfers *and ambulation*;

(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) ~~helping the recipient to complete daily living skills such as personal and oral hygiene and medication schedules~~ *assisting, monitoring, or prompting the recipient to complete the services in clauses (1) to (13)*;

(15) ~~supervision~~ *redirection, monitoring,* and observation that are medically necessary ~~because of the recipient's diagnosis or disability; and~~ *and an integral part of completing the personal cares described in clauses (1) to (14);*

(16) *redirection and intervention for behavior, including observation and monitoring;*

(17) interventions for seizure disorders including monitoring and observation if the recipient has had a seizure that requires intervention within the past three months; and

(18) incidental household services that are an integral part of a personal care service described in clauses (1) to ~~(15)~~ *(17)*.

For purposes of this subdivision, monitoring and observation means watching for outward visible signs that are likely to occur and for which there is a covered personal care service or an appropriate personal care intervention.

(b) The personal care services that are not eligible for payment are the following:

(1) personal care services that are not in the care plan developed by the supervising registered nurse in consultation with the personal care assistants and the recipient or the responsible party directing the care of the recipient;

(2) services that are not supervised by the registered nurse;

(3) services provided by the recipient's spouse, legal guardian, or parent of a minor child;

(4) services provided by a foster care provider of a recipient who cannot direct their own care, unless monitored by a county or state case manager under section 256B.0625, subdivision 19a;

(5) services provided by the residential or program license holder in a residence for more than four persons;

(6) services that are the responsibility of a residential or program license holder under the terms of a service agreement and administrative rules;

~~(5)~~ *(7)* sterile procedures;

~~(6)~~ *(8)* injections of fluids into veins, muscles, or skin;

~~(7)~~ *(9)* services provided by parents of adult recipients, adult children, or siblings, unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a part-time or full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient;

~~(8)~~ *(10)* homemaker services that are not an integral part of a personal care services; and

~~(9)~~ *(11)* home maintenance, or chore services.

Sec. 53. Minnesota Statutes 1992, section 256B.0627, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] The level, or the number of hours or visits of a specific service, of home 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) [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following amounts of home care services during a calendar year:

(1) a total of 40 home health aide visits or skilled nurse visits under section 256B.0625, subdivision 6a; and

(2) ~~a total of ten hours of nursing supervision under section 256B.0625, subdivision 7 or 19a~~ *up to two assessments by a supervising registered nurse to determine a recipient's need for personal care services, develop a care plan, and obtain prior authorization. Additional visits may be authorized by the commissioner if there are circumstances that necessitate a change in provider.*

(c) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph (b) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the

request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened; ~~or~~

(3) a third party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request; *or*

(4) the commissioner has determined that a county or state human services agency has made an error.

(d) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization under paragraph (c) will be evaluated according to the same criteria applied to prior authorization requests. Implementation of this provision shall begin no later than October 1, 1991, except that recipients who are currently receiving medically necessary services above the limits established under this subdivision may have a reasonable amount of time to arrange for waivered services under section 256B.49 or to establish an alternative living arrangement. All current recipients shall be phased down to the limits established under paragraph (b) on or before April 1, 1992.

(e) [ASSESSMENT AND CARE PLAN.] The home care provider shall conduct ~~an~~ *initially, and at least annually thereafter, a face-to-face* assessment *of the recipient* and complete a care plan using forms specified by the commissioner. For the recipient to receive, or continue to receive, home care services, the provider must submit evidence necessary for the commissioner to determine the medical necessity of the home care services. The provider shall submit to the commissioner the assessment, the care plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries. *To continue to receive home care services when the recipient displays no significant change, the supervising nurse has the option to review with the commissioner, or the commissioner's designee, the care plan on record and receive authorization for up to an additional 12 months.*

(f) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, the care plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request, assessment, and care plan, authorize home care services as follows:

(1) [HOME HEALTH SERVICES.] All home health services provided by a nurse or a home health aide that exceed the limits established in paragraph (b) must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options. When home health services are used in combination with personal care and private duty nursing, the cost of all home care services shall be considered for cost-effectiveness. *The commissioner shall limit nurse and home health aide visits to no more than one visit each per day.*

(2) [PERSONAL CARE SERVICES.] (i) All personal care services must be prior authorized by the commissioner or the commissioner's designee except for the limits on supervision established in paragraph (b). The amount of personal care services authorized must be based on the recipient's ~~case mix classification according to section 256B.0911, except that~~ *home care rating*. A child may not be found to be dependent in an activity of daily living if

because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:

(A) up to two times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level; *or*

(B) up to three times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs *or are dependent in at least seven activities of daily living and need physical assistance with eating or have a neurological diagnosis*; *or*

(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, *plus any inflation adjustment provided,* for care provided in a regional treatment center for recipients who have ~~complex behaviors~~ *Level I behavior*; *or*

(D) up to the amount the commissioner would pay, as of July 1, 1991, *plus any inflation adjustment provided,* for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

(E) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.0911 or 256B.092.*; and*

(F) a reasonable amount of time for the necessary provision of nursing supervision of personal care services.

(ii) The number of direct care hours shall be determined according to *the* annual cost ~~reports which are~~ *report* submitted to the department by nursing facilities ~~each year~~. The average number of direct care hours, as established by May 1, *1992,* shall be calculated and incorporated into the home care limits on July 1 ~~each year~~, *1992*. These limits shall be calculated to the nearest quarter hour.

(iii) The ~~case mix level~~ *home care rating* shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the personal care provider on forms specified by the commissioner. The ~~forms~~ *home care rating* shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 with an addition for seizure activity that will assess the frequency and severity of seizure activity and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of children and nonelderly adults who need home care. The commissioner shall establish these forms and protocols under this section and shall use the advisory group established in section 256B.04, subdivision 16, for consultation in establishing the forms and protocols by October 1, 1991.

(iv) A recipient shall qualify as having complex medical needs if the care required is difficult to perform and *because of recipient's medical condition* requires more time than community-based standards allow ~~or the recipient's condition or treatment requires more training~~ or *requires more* skill than would ordinarily be required and the recipient needs or has one or more of the following:

(A) daily tube feedings;

(B) daily parenteral therapy;

(C) wound or decubiti care;

(D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;

(E) catheterization;

(F) ostomy care;

(G) quadriplegia; or

(H) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

(v) A recipient shall qualify as having ~~complex~~ *Level I* behavior if *there is reasonable supporting evidence that* the recipient exhibits ~~on a daily basis~~, *or that without supervision, observation, or redirection would exhibit, one or more of* the following *behaviors that cause, or have the potential to cause*:

(A) ~~self-injurious behavior~~ *injury to his or her own body*;

(B) ~~unusual or repetitive habits~~ *physical injury to other people*; *or*

(C) ~~withdrawal behavior;~~

~~(D) hurtful behavior to others;~~

~~(E) socially offensive behavior;~~

~~(F)~~ destruction of property; ~~or~~

~~(G) a need for constant one-to-one supervision for self-preservation~~.

(vi) ~~The complex behaviors in clauses (A) to (G) have the meanings developed under section 256B.501~~ *Time authorized for personal care relating to Level I behavior in subclause (v), items (A) to (C), shall be based on the predictability, frequency, and amount of intervention required.*

(vii) A recipient shall qualify as having Level II behavior if the recipient exhibits on a daily basis one or more of the following behaviors that interfere with the completion of personal care services under subdivision 4, paragraph (a):

(A) unusual or repetitive habits;

(B) withdrawn behavior; or

(C) offensive behavior.

(viii) A recipient with a home care rating of Level II behavior in subclause (vii), items (A) to (C), shall be rated as comparable to a recipient with complex medical needs under subclause (iv). If a recipient has both complex medical needs and Level II behavior, the home care rating shall be the next complex category up to the maximum rating under subclause (i), item (B).

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative

care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

(i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or

(ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize:

(A) up to two times the average amount of direct care hours provided in nursing facilities statewide for case mix classification "K" as established by the annual cost report submitted to the department by nursing facilities in May 1992;

(B) private duty nursing in combination with other home care services up to the total cost allowed under clause (2);

(C) up to 16 hours per day if the recipient requires more nursing than the maximum number of direct care hours as established in item (A) and the recipient meets the hospital admission criteria established under Minnesota Rules, parts 9505.0500 to 9505.0540.

The commissioner may authorize up to 16 hours per day of private duty nursing services or up to 24 hours per day of private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(g) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall ~~remain valid~~ *be effective*. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization through the process described above. Under no circumstances, *other than the exceptions in subdivision 5, paragraph (c),* shall a prior authorization be valid *prior to the date the commissioner receives the request or* for more than 12 months. A recipient who appeals a reduction in previously authorized home care services may ~~request that the~~ *continue* previously authorized services, other than temporary services under paragraph (i), ~~be continued~~ pending an appeal under

section 256.045~~, subdivision 10~~. *The commissioner must provide a detailed explanation of why the authorized services are reduced in amount from those requested by the home care provider.*

(h) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, the cost-effectiveness of services, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, the care plan, the recipient's age, the cost of services, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(i) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] Providers may request a temporary authorization for home care services by telephone. The commissioner may approve a temporary level of home care services based on the assessment and care plan information provided by an appropriately licensed nurse. Authorization for a temporary level of home care services is limited to the time specified by the commissioner, but shall not exceed ~~30~~ *45* days. The level of services authorized under this provision shall have no bearing on a future prior authorization.

(j) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (b).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules;

(2) personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or case management is provided as required in section 256B.0625, subdivision 19a;

(3) personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless case management is provided as required in section 256B.0625, subdivision 19a;

(4) home care services when the number of foster care residents is greater than four unless the county responsible for the recipient's foster placement made the placement prior to April 1, 1992, requests that home care services be provided, and case management is provided as required in section 256B.0625, subdivision 19a; or

(5) home care services when combined with foster care payments, other than room and board payments plus the cost of home- and community-based waivered services unless the costs of home care services and waivered services are combined and managed under the waiver program, that exceed the total amount that public funds would pay for the recipient's care in a medical institution.

Sec. 54. Minnesota Statutes 1992, section 256B.0628, subdivision 2, is amended to read:

Subd. 2. [~~CONTRACTOR~~ DUTIES.] (a) The commissioner may contract with *or employ* qualified registered nurses *and necessary support staff*, or *contract with* qualified agencies, to provide home care prior authorization and review services for medical assistance recipients who are receiving home care services.

(b) Reimbursement for the prior authorization function shall be made through the medical assistance administrative authority. The state shall pay the nonfederal share. The ~~contractor must~~ *functions will be to*:

(1) assess the recipient's individual need for services required to be cared for safely in the community;

(2) ensure that a care plan that meets the recipient's needs is developed by the appropriate agency or individual;

(3) ensure cost-effectiveness of medical assistance home care services;

(4) recommend ~~to the commissioner~~ the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;

(5) reassess the recipient's need for and level of home care services at a frequency determined by the commissioner; and

(6) conduct on-site assessments when determined necessary by the commissioner *and recommend changes to care plans that will provide more efficient and appropriate home care*.

(c) In addition, the ~~contractor may be requested by the~~ commissioner ~~to~~ *or the commissioner's designee may*:

(1) review care plans and reimbursement data for utilization of services that exceed community-based standards for home care, inappropriate home care services, *medical necessity,* home care services that do not meet quality of care standards, or unauthorized services and make appropriate referrals ~~to the commissioner~~ *within the department* or *to* other appropriate entities based on the findings;

(2) assist the recipient in obtaining services necessary to allow the recipient to remain safely in or return to the community;

(3) coordinate home care services with other medical assistance services under section 256B.0625;

(4) assist the recipient with problems related to the provision of home care services; and

(5) assure the quality of home care services.

(d) For the purposes of this section, "home care services" means medical assistance services defined under section 256B.0625, subdivisions 6a, 7, and 19a.

Sec. 55. Minnesota Statutes 1992, section 256B.0629, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE COMMISSIONER.] *(a)* 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~~ *if they are* recommended by *both* 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. 56. Minnesota Statutes 1992, section 256B.0911, subdivision 2, is amended to read:

Subd. 2. [PERSONS REQUIRED TO BE SCREENED; EXEMPTIONS.] All applicants to Medicaid certified nursing facilities must be screened prior to admission, regardless of income, assets, or funding sources, except the following:

(1) patients who, having entered acute care facilities from certified nursing facilities, are returning to a certified nursing facility;

(2) residents transferred from other certified nursing facilities;

(3) ~~individuals whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team prior to admission and provides an update to the screening team on the 30th day after admission;~~

~~(4)~~ individuals who have a contractual right to have their nursing facility care paid for indefinitely by the veteran's administration; or

~~(5)~~ *(4)* individuals who are enrolled in the Ebenezer/Group Health social health maintenance organization project at the time of application to a nursing home; ~~or~~

~~(6) individuals who are screened by another state within three months before admission to a certified nursing facility.~~

Regardless of the exemptions in clauses (2) to ~~(6)~~ *(4)*, persons who have a diagnosis or possible diagnosis of mental illness, mental retardation, or a related condition must be screened before admission unless the admission prior to screening is authorized by the local mental health authority or the local developmental disabilities case manager, or unless authorized by the county agency according to Public Law Number 101-508.

~~Persons transferred from an acute care facility to a certified nursing facility may be admitted to the nursing facility before screening, if authorized by the county agency; however, the person must be screened within ten working days after the admission.~~ *Before admission to a Medicaid certified nursing home or boarding care home, all persons must be screened and approved for*

admission through an assessment process. The nursing facility is authorized to conduct case mix assessments which are not conducted by the county public health nurse under Minnesota Rules, part 9549.0059. The designated county agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.

Other persons who are not applicants to nursing facilities must be screened if a request is made for a screening.

Sec. 57. Minnesota Statutes 1992, section 256B.0911, is amended by adding a subdivision to read:

Subd. 2a. [SCREENING REQUIREMENTS.] *Persons may be screened by telephone or in a face-to-face consultation. The screener will identify each individual's needs according to the following categories: (1) needs no face-to-face screening; (2) needs an immediate face-to-face screening interview; or (3) needs a face-to-face screening interview after admission to a certified nursing facility or after a return home. Persons who are not admitted to a Medicaid certified nursing facility must be screened within ten working days after the date of referral. Persons admitted on a nonemergency basis to a Medicaid certified nursing facility must be screened prior to the certified nursing facility admission. Persons admitted to the Medicaid certified nursing facility from the community on an emergency basis or from an acute care facility on a nonworking day must be screened the first working day after admission and the reason for the emergency admission must be certified by the attending physician in the person's medical record.*

Sec. 58. Minnesota Statutes 1992, section 256B.0911, subdivision 3, is amended to read:

Subd. 3. [PERSONS RESPONSIBLE FOR CONDUCTING THE PREADMISSION SCREENING.] (a) A local screening team shall be established by the county ~~agency and the county public health nursing service of the local board of health~~ *board of commissioners*. Each local screening team shall ~~be composed~~ *consist* of *screeners who are* a social worker and a public health nurse from their respective county agencies. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year experience in home care to participate on the team. Two or more counties may collaborate to establish a joint local screening team or teams.

(b) ~~Both members of the team must conduct the screening. However, individuals who are being transferred from an acute care facility to a certified nursing facility and individuals who are admitted to a certified nursing facility on an emergency basis may be screened by only one member of the screening team in consultation with the other member.~~

~~(c)~~ In assessing a person's needs, ~~each screening team~~ *screeners* shall have a physician available for consultation and shall consider the assessment of the individual's attending physician, if any. The individual's physician shall be included ~~on the screening team~~ if the physician chooses to participate. Other personnel may be included on the team as deemed appropriate by the county agencies.

~~(d) If a person who has been screened must be reassessed to assign a case mix classification because admission to a nursing facility occurs later than the time allowed by rule following the initial screening and assessment, the~~

~~reassessment may be completed by the public health nurse member of the screening team.~~

Sec. 59. Minnesota Statutes 1992, section 256B.0911, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE COUNTY ~~AGENCY~~ AND THE SCREENING TEAM.] (a) The county ~~agency~~ shall:

(1) provide information and education to the general public regarding availability of the preadmission screening program;

(2) accept referrals from individuals, families, human service and health professionals, and hospital and nursing facility personnel;

(3) assess the health, psychological, and social needs of referred individuals and identify services needed to maintain these persons in the least restrictive environments;

(4) determine if the individual screened needs nursing facility level of care;

(5) assess ~~active treatment~~ *specialized service* needs ~~in cooperation with~~ *based upon an evaluation by*:

(i) a qualified *independent* mental health professional for persons with a primary or secondary diagnosis of *a serious* mental illness; and

(ii) a qualified mental retardation professional for persons with a primary or secondary diagnosis of mental retardation or related conditions. For purposes of this clause, a qualified mental retardation professional must meet the standards for a qualified mental retardation professional in Code of Federal Regulations, title 42, section 483.430;

(6) make recommendations for individuals screened regarding cost-effective community services which are available to the individual;

(7) make recommendations for individuals screened regarding nursing home placement when there are no cost-effective community services available;

(8) develop an individual's community care plan and provide follow-up services as needed; and

(9) prepare and submit reports that may be required by the commissioner of human services.

~~The county agency may determine in cooperation with the local board of health that the public health nursing agency of the local board of health is the lead agency which is responsible for all of the activities above except clause (5).~~

(b) The ~~screening team~~ *screener* shall document that the most cost-effective alternatives available were offered to the individual or the individual's legal representative. For purposes of this section, "cost-effective alternatives" means community services and living arrangements that cost the same or less than nursing facility care.

~~The screening shall be conducted within ten working days after the date of referral or, for those approved for transfer from an acute care facility to a certified nursing facility, within ten working days after admission to the nursing facility.~~

(c) For persons who are eligible for medical assistance or who would be eligible within 180 days of admission to a nursing facility and who are admitted to a nursing facility, the nursing facility must include ~~the screening team~~ *a screener* or the case manager in the discharge planning process for those individuals who the team has determined have discharge potential. The ~~screening team~~ *screener* or the case manager must ensure a smooth transition and follow-up for the individual's return to the community.

~~Local screening teams~~ *Screeners* shall cooperate with other public and private agencies in the community, in order to offer a variety of cost-effective services to the disabled and elderly. The ~~screening team~~ *screeners* shall encourage the use of volunteers from families, religious organizations, social clubs, and similar civic and service organizations to provide services.

Sec. 60. Minnesota Statutes 1992, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [~~REIMBURSEMENT~~ *PAYMENT* FOR PREADMISSION SCREENING.] (a) The total screening ~~cost~~ *payment* for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's ~~estimate of the total~~ annual ~~cost of~~ *allocation for* screenings ~~allowed in the county for the following rate year~~ by 12 to determine the monthly ~~cost estimate~~ *payment* and allocating the monthly ~~cost estimate~~ *payment* to each nursing facility based on the number of licensed beds in the nursing facility.

~~(b) The rate allowed for a screening where two team members are present shall be the actual costs up to $195. The rate allowed for a screening where only one team member is present shall be the actual costs up to $117. Annually on July 1, the commissioner shall adjust the rate up to the percentage change forecast in the fourth quarter of the prior calendar year by the Home Health Agency Market Basket of Operating Costs, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc.~~

~~(c) The monthly cost estimate for each certified nursing facility must be submitted to the state by the county no later than February 15 of each year for inclusion in the nursing facility's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing facility as an operating cost of that nursing facility in accordance with section 256B.431, subdivision 2b, paragraph (g). The monthly cost estimates approved by the commissioner must be sent to the nursing facility by the county no later than April 15 of each year.~~

~~(d) If in more than ten percent of the total number of screenings performed by a county in a fiscal year for all individuals regardless of payment source, the screening timelines were not met because a county was late in screening the individual, the county is solely responsible for paying the cost of those delayed screenings that exceed ten percent.~~

(b) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency

shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

~~(e)~~ *(c)* Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

~~(f)~~ *(d)* The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Sec. 61. Minnesota Statutes 1992, section 256B.0911, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT FOR CERTIFIED NURSING FACILITIES.] *(a)* Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted *prior to admission* or the local county agency has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local ~~screening team~~ *screener* has determined does not meet the level of care criteria for nursing facility placement *or, if indicated, has not had a level II PASARR evaluation completed unless an admission for a recipient with mental illness is approved by the local mental health authority or an admission for a recipient with mental retardation or related condition is approved by the state mental retardation authority. The commissioner shall make a request to the health care financing administration for a waiver allowing screening team approval of Medicaid payments for certified nursing facility care.* An individual has a choice and makes the final decision between nursing facility placement and community placement after the screening team's recommendation, *except as provided in paragraphs (b) and (c).* ~~However,~~

(b) The local county mental health authority or the ~~local~~ *state* mental retardation authority under Public Law Numbers 100-203 and 101-508 may prohibit admission to a nursing facility, if the individual does not meet the nursing facility level of care criteria or ~~does need active treatment~~ *needs specialized services* as defined in Public Law Numbers 100-203 and 101-508. *For purposes of this section, "specialized services" for a person with mental retardation or a related condition means "active treatment" as that term is defined in Code of Federal Regulations, title 42, section 483.440(a)(1).*

(c) Upon the receipt by the commissioner of approval by the secretary of health and human services of the waiver requested under paragraph (a), the local screener shall deny medical assistance reimbursement for nursing facility care for an individual whose long-term care needs can be met in a community-based setting and whose cost of community-based home care services is less than 75 percent of the average payment for nursing facility care for that individual's case mix classification, and who is either:

(i) a current medical assistance recipient being screened for admission to a nursing facility; or

(ii) an individual who would be eligible for medical assistance within 180 days of entering a nursing facility and who meets a nursing facility level of care.

(d) Appeals from the screening team's recommendation or the county

agency's final decision shall be made according to section 256.045, subdivision 3.

Sec. 62. Minnesota Statutes 1992, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NON-MEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been screened by the county screening team or, if previously screened and served under the alternative care program, assessed by the local county social worker or public health nurse;

(2) the person is age 65 or older;

(3) the person would be *financially* eligible for medical assistance within 180 days of admission to a nursing facility;

(4) *the person meets the asset transfer requirements of the medical assistance program;*

(5) the screening team would recommend nursing facility admission or continued stay for the person if alternative care services were not available;

~~(5)~~ *(6)* the person needs services that are not available at that time in the county through other county, state, or federal funding sources; and

~~(6)~~ *(7)* the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the statewide average monthly medical assistance payment for nursing facility care at the individual's case mix classification to which the individual would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059.

(b) Individuals who meet the criteria in paragraph (a) and who have been approved for alternative care funding are called 180-day eligible clients.

(c) The statewide average payment for nursing facility care is the statewide average monthly nursing facility rate in effect on July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing facility residents who are age 65 or older and who are medical assistance recipients in the month of March of the previous fiscal year. This monthly limit does not prohibit the 180-day eligible client from paying for additional services needed or desired.

(d) In determining the total costs of alternative care services for one month, the costs of all services funded by the alternative care program, including supplies and equipment, must be included.

(e) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spend-down if the person applied, unless authorized by the commissioner. ~~The commissioner may authorize alternative care money to be used to meet a portion of a medical assistance income spend-down for persons residing in adult foster care who would otherwise be served under the alternative care program. The alternative care payment is limited to the difference between the recipient's negotiated foster care room and board rate and the medical assistance income standard for one elderly~~

~~person plus the medical assistance personal needs allowance for a person residing in a long-term care facility.~~ A person whose application for medical assistance is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, the county must bill medical assistance ~~retroactive to~~ *from* the date ~~of eligibility~~ *the individual was found eligible* for the *medical assistance* services provided that are reimbursable under the elderly waiver program.

(f) Alternative care funding is not available for a person who resides in a licensed nursing home or boarding care home, except for case management services which are being provided in support of the discharge planning process.

Sec. 63. Minnesota Statutes 1992, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

(1) adult foster care;

(2) adult day care;

(3) home health aide;

(4) homemaker services;

(5) personal care;

(6) case management;

(7) respite care;

(8) assisted living; ~~and~~

(9) *residential care services;*

(10) care-related supplies and equipment~~.~~*;*

~~(b) The county agency may use up to ten percent of the annual allocation of alternative care funding for payment of costs of~~

(11) meals delivered to the home~~,~~*;*

(12) transportation~~,~~*;*

(13) skilled nursing~~,~~*;*

(14) chore services~~,~~*;*

(15) companion services~~,~~*;*

(16) nutrition services~~,~~*;* and

(17) training for direct informal caregivers.

~~The commissioner shall determine the impact on alternative care costs of allowing these additional services to be provided and shall report the findings to the legislature by February 15, 1993, including any recommendations regarding provision of the additional services.~~

~~(c)~~ *(b)* The county agency must ensure that the funds are used only to

supplement and not supplant services available through other public assistance or services programs.

~~(d) These services must be provided by a licensed provider, a home health agency certified for reimbursement under Titles XVIII and XIX of the Social Security Act, or by~~ *(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver.* Persons or agencies *must be* employed by or ~~contracted~~ *under a contract* with the county agency or the public health nursing agency of the local board of health *in order to receive funding under the alternative care program.*

~~(e)~~ *(d)* The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

~~(f)~~ *(e)* Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

~~(g)~~ *(f)* Costs for supplies and equipment that exceed $150 per item per month must have prior approval from the commissioner. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to ~~two or more alternative care~~ clients who reside in the same apartment building of ~~ten~~ *three* or more units. ~~These services may include care coordination, the costs of preparing one or more~~

~~nutritionally balanced meals per day, general oversight, and other supportive services which the vendor is licensed to provide according to sections 144A.43 to 144A.49, and which would otherwise be available to individual alternative care clients. Reimbursement from the lead agency shall be made to the vendor as a monthly capitated rate negotiated with the county agency. The capitated rate shall not exceed the state share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The capitated rate may not cover rent and direct food costs.~~ *Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.*

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services. Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

Reimbursement for assisted living services and residential care services shall be made by the lead agency to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, except for alternative care assisted living projects established under chapter 256 whose rates may not exceed 65 percent of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover rent and direct food costs.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Sec. 64. Minnesota Statutes 1992, section 256B.0913, subdivision 9, is amended to read:

Subd. 9. [CONTRACTING PROVISIONS FOR PROVIDERS.] The lead agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care program *or waiver programs under sections 256B.0915 and 256B.49*, including a minimum of 14 days' written advance notice of the

opportunity to be selected as a service provider and an annual public meeting with providers to explain and review the criteria for selection. The lead agency shall also document to the commissioner that the agency allowed potential providers an opportunity to be selected to contract with the county agency. Funds reimbursed to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The lead agency must select providers for contracts or agreements using the following criteria and other criteria established by the county:

(1) the need for the particular services offered by the provider;

(2) the population to be served, including the number of clients, the length of time services will be provided, and the medical condition of clients;

(3) the geographic area to be served;

(4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;

(5) rates for each service and unit of service exclusive of county administrative costs;

(6) evaluation of services previously delivered by the provider; and

(7) contract or agreement conditions, including billing requirements, cancellation, and indemnification.

The county must evaluate its own agency services under the criteria established for other providers. The county shall provide a written statement of the reasons for not selecting providers.

Sec. 65. Minnesota Statutes 1992, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's ~~gross~~ income *less recurring and predictable medical expenses* is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than $6,000, the fee is zero;

(2) when the alternative care client's ~~gross~~ income *less recurring and predictable medical expenses* is greater than 150 percent of the federal poverty guideline and total assets are less than $6,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's ~~gross~~ income *less recurring and predictable medical expenses*, whichever is less; and

(3) when the alternative care client's total assets are greater than $6,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. *For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.*

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated and be payable in the month in which the alternative care services begin and shall continue unaltered for six months until the semiannual reassessment unless the actual cost of services falls below the fee.

(b) The fee shall be waived by the commissioner when:

(1) a person who is residing in a nursing facility is receiving case management only;

(2) a person is applying for medical assistance;

(3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services;

(6) a person is an adult foster care resident for whom alternative care funds are being used to meet a portion of the person's medical assistance spend-down, as authorized in subdivision 4; and

(7) a person's fee under paragraph (a) is less than $25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the revenue recapture act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 66. Minnesota Statutes 1992, section 256B.0913, subdivision 13, is amended to read:

Subd. 13. [COUNTY ~~ALTERNATIVE CARE~~ BIENNIAL PLAN.] ~~The commissioner shall establish by rule, in accordance with chapter 14, procedures for the submittal and approval of a biennial county plan for the administration of the alternative care program and the coordination with other planning processes for the older adult. In addition to the procedures in rule,~~ *The county biennial plan for the preadmission screening program, the alternative care program, waivers for the elderly under section 256B.0915,*

and waivers for the disabled under section 256B.49, shall be incorporated into the biennial community social services act plan and shall meet the regulations and timelines of that plan. This county biennial plan shall ~~also~~ include:

(1) information on the administration of the preadmission screening program;

(2) information on the administration of the home- and community-based services waivers for the elderly under section 256B.0915, and for the disabled under section 256B.49; *and*

(3) ~~an application for targeted funds under subdivision 11; and~~

~~(4) an optional notice of intent to apply to participate in the long-term care projects under section 256B.0917~~ *information on the administration of the alternative care program.*

Sec. 67. Minnesota Statutes 1992, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. [REIMBURSEMENT AND RATE ADJUSTMENTS.] (a) Reimbursement for expenditures for the alternative care services shall be through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. To receive reimbursement, the county or vendor must submit invoices within 120 days following the month of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(b) If a county collects less than 50 percent of the client premiums due under subdivision 12, the commissioner may withhold up to three percent of the county's final alternative care program allocation determined under subdivisions 10 and 11.

(c) Beginning July 1, 1991, the state will reimburse counties, up to the limits of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(d) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for alternative care services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for alternative care services based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

(e) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each alternative care service.

Notwithstanding any other rule or statutory provision to the contrary, the commissioner shall not be authorized to increase rates by an annual inflation factor, unless so authorized by the legislature.

(f) On July 1, 1993, the commissioner shall increase the maximum rate for home delivered meals to $4.50 per meal.

Sec. 68. Minnesota Statutes 1992, section 256B.0915, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The commissioner is authorized to apply for a home- and community-based services waiver for the elderly, authorized under section 1915(c) of the Social Security Act, in order to obtain federal financial participation to expand the availability of services for persons who are eligible for medical assistance. The commissioner may apply for additional waivers or pursue other federal financial participation which is advantageous to the state for funding home care services for the frail elderly who are eligible for medical assistance. The provision of waivered services to *elderly and disabled* medical assistance recipients must comply with the criteria approved in the waiver.

Sec. 69. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1a. [ELDERLY WAIVER CASE MANAGEMENT SERVICES.] *Elderly case management services under the home and community-based services waiver for elderly individuals are available from providers meeting qualification requirements and the standards specified in subdivision 1b. Eligible recipients may choose any qualified provider of elderly case management services.*

Sec. 70. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1b. [PROVIDER QUALIFICATIONS AND STANDARDS.] *The commissioner must enroll qualified providers of elderly case management services under the home and community-based waiver for the elderly under section 1915(c) of the Social Security Act. The enrollment process shall ensure the provider's ability to meet the qualification requirements and standards in this subdivision and other federal and state requirements of this service. A elderly case management provider is an enrolled medical assistance provider who is determined by the commissioner to have all of the following characteristics:*

(1) the legal authority for alternative care program administration under section 256B.0913;

(2) the demonstrated capacity and experience to provide the components of case management to coordinate and link community resources needed by the eligible population;

(3) administrative capacity and experience in serving the target population for whom it will provide services and in ensuring quality of services under state and federal requirements;

(4) the legal authority to provide preadmission screening under section 256B.0911, subdivision 4;

(5) a financial management system that provides accurate documentation of services and costs under state and federal requirements; and

(6) the capacity to document and maintain individual case records under state and federal requirements.

Sec. 71. Minnesota Statutes 1992, section 256B.0915, is amended by adding a subdivision to read:

Subd. 1c. [CASE MANAGEMENT ACTIVITIES UNDER THE STATE PLAN.] *The commissioner shall seek an amendment to the home and community-based services waiver for the elderly to implement the provisions of subdivisions 1a and 1b. If the commissioner is unable to secure the approval of the secretary of health and human services for the requested waiver amendment by December 31, 1993, the commissioner shall amend the medical assistance state plan to provide that case management provided under the home and community-based services waiver for the elderly is performed by counties as an administrative function for the proper and effective administration of the state medical assistance plan. Notwithstanding section 256.025, subdivision 3, the state shall reimburse counties for the nonfederal share of costs for case management performed as an administrative function under the home and community-based services waiver for the elderly.*

Sec. 72. Minnesota Statutes 1992, section 256B.0915, subdivision 3, is amended to read:

Subd. 3. [LIMITS OF CASES, RATES, REIMBURSEMENT, AND FORECASTING.] (a) The number of medical assistance waiver recipients that a county may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(b) The monthly limit for the cost of waivered services to an individual waiver client shall be the statewide average payment rate of the case mix resident class to which the waiver client would be assigned under medical assistance case mix reimbursement system. The statewide average payment rate is calculated by determining the statewide average monthly nursing home rate effective July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing home residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous state fiscal year. The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waivered services, including extended medical supplies and equipment; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

(c) Medical assistance funding for skilled nursing services, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(d) Expenditures for extended medical supplies and equipment that cost over $150 per month for both the elderly waiver and the disabled waiver must have the commissioner's prior approval.

(e) For the fiscal year beginning on July 1, 1993, and for subsequent fiscal years, the commissioner of human services shall not provide automatic annual inflation adjustments for home- and community-based waivered services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for home- and community-based waivered services, based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set. The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board.

(f) The adult foster care daily rate for the elderly and disabled waivers shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other waiver and medical assistance home care services to be authorized by the case manager.

(g) The assisted living and residential care service rates for elderly and disabled waivers shall be made to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the elderly or disabled client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover direct rent or food costs.

(h) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each service within each program.

(i) On July 1, 1993, the commissioner shall increase the maximum rate for home-delivered meals to $4.50 per meal.

~~(f)~~ *(j)* Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

~~(g)~~ *(k)* Beginning July 1, 1991, the state shall reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who are receiving medical assistance.

Sec. 73. Minnesota Statutes 1992, section 256B.0917, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE, MISSION, GOALS, AND OBJECTIVES.] (a) The purpose of implementing seniors' agenda for independent living (SAIL) projects under this section is to demonstrate a new cooperative strategy for the long-term care system in the state of Minnesota.

The projects are part of the initial ~~biennial~~ plan for a 20-year strategy. The mission of the 20-year strategy is to create a new community-based care paradigm for long-term care in Minnesota in order to maximize independence of the older adult population, and to ensure cost-effective use of financial and human resources. The goals for the 20-year strategy are to:

(1) achieve a broad awareness and use of low-cost home care and other residential alternatives to nursing homes;

(2) develop a statewide system of information and assistance to enable easy access to long-term care services;

(3) develop sufficient alternatives to nursing homes to serve the increased number of people needing long-term care;

(4) maintain the moratorium on new construction of nursing home beds and to lower the percentage of elderly *persons* served in institutional settings; and

(5) build a community-based approach and community commitment to delivering long-term care services for elderly persons in their homes.

(b) The objective for the fiscal years ~~1992~~ *1994* and ~~1993~~ *1995* biennial plan is to ~~implement~~ *continue* at least four but not more than six projects in anticipation of a statewide program. These projects will ~~begin~~ *continue* the process of implementing: (1) a coordinated planning and administrative process; (2) a refocused function of the preadmission screening program; (3) the development of additional home, community, and residential alternatives to nursing homes; (4) a program to support the informal caregivers for elderly persons; (5) programs to strengthen the use of volunteers; and (6) programs to support the building of community commitment to provide long-term care for elderly persons.

This is done in conjunction with an expanded role of the interagency long-term care planning committee as described in section 144A.31. The services offered through these projects will be available to those who have their own funds to pay for services, as well as to persons who are eligible for medical assistance and to persons who are 180-day eligible clients to the extent authorized in this section.

Sec. 74. Minnesota Statutes 1992, section 256B.0917, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF SAIL PROJECTS; LOCAL LONG-TERM CARE COORDINATING TEAM.] (a) The commissioner of human services *in conjunction with the interagency long-term care planning committee's long-range strategic plan* shall ~~establish~~ *contract with* SAIL projects in four to six counties or groups of counties to demonstrate the feasibility and cost-effectiveness of a local long-term care strategy that is consistent with the state's long-term care goals identified in subdivision 1. The commissioner shall publish a notice in the State Register announcing the availability of project funding and giving instructions for making an application. The instructions for the application shall identify the amount of funding available for project components.

(b) To be selected for the project, a county board or boards must establish a long-term care coordinating team consisting of county social service agencies, public health nursing service agencies, local boards of health, and the area agencies on aging in a geographic area which is responsible for:

(1) developing a local long-term care strategy consistent with state goals and objectives;

(2) submitting an application to be selected as a project;

(3) coordinating planning for funds to provide services to elderly persons, including funds received under Title III of the Older Americans Act, Community Social Services Act, Title XX of the Social Security Act and the Local Public Health Act; and

(4) ensuring efficient services provision and nonduplication of funding.

(c) The board or boards shall designate a public agency to serve as the lead agency. The lead agency receives and manages the project funds from the state and is responsible for the implementation of the local strategy. If selected as a project, the local long-term care coordinating team must semiannually evaluate the progress of the local long-term care strategy in meeting state measures of performance and results as established in the contract.

(d) Each member of the local coordinating team must indicate its endorsement of the local strategy. The local long-term care coordinating team may include in its membership other units of government which provide funding for services to the frail elderly. The team must cooperate with consumers and other public and private agencies, including nursing homes, in the geographic area in order to develop and offer a variety of cost-effective services to the elderly and their caregivers.

(e) The board or boards shall apply to be selected as a project. If the project is selected, the commissioner of human services shall contract with the lead agency for the project and shall provide additional administrative funds for implementing the provisions of the contract, within the appropriation available for this purpose.

(f) Projects shall be selected according to the following conditions:.

~~(1)~~ No project may be selected unless it demonstrates that:

(i) the objectives of the local project will help to achieve the state's long-term care goals as defined in subdivision 1;

(ii) in the case of a project submitted jointly by several counties, all of the participating counties are contiguous;

(iii) there is a designated local lead agency that is empowered to make contracts with the state and local vendors on behalf of all participants;

(iv) the project proposal demonstrates that the local cooperating agencies have the ability to perform the project as described and that the implementation of the project has a reasonable chance of achieving its objectives;

(v) the project will serve an area that covers at least four counties or contains at least 2,500 persons who are 85 years of age or older, according to the projections of the state demographer or the census if the data is more recent; and

(vi) the local coordinating team documents efforts of cooperation with consumers and other agencies and organizations, both public and private, in planning for service delivery.

~~(2) If only two projects are selected, at least one of them must be from a metropolitan statistical area as determined by the United States Census Bureau; if three or four projects are selected, at least one but not more than two projects must be from a metropolitan statistical area; and if more than four projects are selected, at least two but not more than three projects must be from a metropolitan statistical area.~~

~~(3) Counties or groups of counties that submit a proposal for a project shall be assigned to types defined by institutional utilization rate and population growth rate in the following manner:~~

~~(i) Each county or group of counties shall be measured by the utilization rate of nursing homes and boarding care homes and by the projected growth rate of its population aged 85 and over between 1990 and 2000. For the purposes of this section, "utilization rate" means the proportion of the seniors aged 65 or older in the county or group of counties who reside in a licensed nursing home or boarding care home as determined by the most recent census of residents available from the department of health and the population estimates of the state demographer or the census, whichever is more recent. The "projected growth rate" is the rate of change in the county or group of counties of the population group aged 85 or older between 1990 and 2000 according to the projections of the state demographer.~~

~~(ii) The institutional utilization rate of a county or group of counties shall be converted to a category by assigning a "high utilization" category if the rate is above the median rate of all counties, and a "low utilization" category otherwise. The projected growth rate of a county or group of counties shall be converted to a category by assigning a score of "high growth" category if the rate is above the median rate of all counties, and a "low growth" category otherwise.~~

~~(iii) Types of areas shall be defined by the four combinations of the scores defined in item (ii): type 1 is low utilization – high growth, type 2 is high utilization – high growth, type 3 is high utilization – low growth, and type 4 is low utilization – low growth. Each county or group of counties making a proposal shall be assigned to one of these types.~~

~~(4) Projects shall be selected from each of the types in the order that the types are listed in paragraph (3), item (iii), with available funding allocated to projects until it is exhausted, with no more than 30 percent of available funding allocated to any one project. Available funding includes state administrative funds which have been appropriated for screening functions in subdivision 4, paragraph (b), clause (3), and for service developers and incentive grants in subdivision 5.~~

~~(5) If more than one county or group of counties within one of the types defined by paragraph (3) proposes a special project that meets all of the other conditions in paragraphs (1) and (2), the project that demonstrates the most cost-effective proposals in terms of the number of nursing home placements that can be expected to be diverted or converted to alternative care services per unit of cost shall be selected.~~

~~(6) If more than one county applies for a specific project under this subdivision, all participating county boards must indicate intent to work cooperatively through individual board resolutions or a joint powers agreement.~~

Sec. 75. Minnesota Statutes 1992, section 256B.0917, subdivision 3, is amended to read:

Subd. 3. [LOCAL LONG-TERM CARE STRATEGY.] The local long-term care strategy must list performance outcomes and indicators which meet the state's objectives. The local strategy must provide for:

(1) accessible information, assessment, and preadmission screening activities as described in subdivision 4;

(2) an ~~application for expansion~~ *increase in numbers* of alternative care ~~targeted funds~~ *clients served* under section 256B.0913, ~~for serving 180-day eligible clients,~~ including those who are relocated from nursing homes, *which results in a reduction of the medical assistance nursing home caseload*; and

(3) the development of additional services such as adult family foster care homes; family adult day care; assisted living projects and congregate housing service projects in apartment buildings; expanded home care services for evenings and weekends; expanded volunteer services; and caregiver support and respite care projects.

The county or groups of counties selected for the projects shall be required to comply with federal regulations, alternative care funding policies in section 256B.0913, and the federal waiver programs' policies in section 256B.0915. The requirements for preadmission screening ~~as~~ *are* defined in section 256B.0911, subdivisions 1 to 6~~, are waived for those counties selected as part of a long-term care strategy project. For persons who are eligible for medical assistance or who are 180-day eligible clients and who are screened after nursing facility admission, the nursing facility must include a screener in the discharge planning process for those individuals who the screener has determined have discharge potential. The agency responsible for the screening function in subdivision 4 must ensure a smooth transition and follow-up for the individual's return to the community~~. Requirements for an access, screening, and assessment function ~~replace the preadmission screening requirements and~~ are defined in subdivision 4. Requirements for the service development and service provision are defined in subdivision 5.

Sec. 76. Minnesota Statutes 1992, section 256B.0917, subdivision 4, is amended to read:

Subd. 4. [ACCESSIBLE INFORMATION, SCREENING, AND ASSESSMENT FUNCTION.] (a) The projects selected by and under contract with the commissioner shall establish an accessible information, screening, and assessment function for persons who need assistance and information regarding long-term care. This accessible information, screening, and assessment activity shall include information and referral, early intervention, follow-up contacts, telephone ~~triage as defined in paragraph (f)~~ *screening*, home visits, assessments, preadmission screening, and relocation case management for the frail elderly and their caregivers in the area served by the county or counties. The purpose is to ensure that information and help is provided to elderly persons and their families in a timely fashion, when they are making decisions

about long-term care. These functions may be split among various agencies, but must be coordinated by the local long-term care coordinating team.

(b) Accessible information, screening, and assessment functions shall be reimbursed as follows:

(1) The screenings of all persons entering nursing homes shall be reimbursed ~~by the nursing homes in the counties of the project, through the same policy that is in place in fiscal year 1992 as established~~ *as defined* in section 256B.0911. ~~The amount a nursing home pays to the county agency is that amount identified and approved in the February 15, 1991, estimated number of screenings and associated expenditures. This amount remains the same for fiscal year 1993~~, *subdivision 6; and*

(2) ~~The level I screenings and the level II assessments required by Public Law Numbers 100-203 and 101-508 (OBRA) for persons with mental illness, mental retardation, or related conditions, are reimbursed through administrative funds with 75 percent federal funds and 25 percent state funds, as allowed by federal regulations and established in the contract; and~~

~~(3)~~ Additional state administrative funds shall be available for the access, screening, and assessment activities that are not reimbursed under ~~clauses~~ *clause* (1) ~~and (2)~~. This amount shall not exceed the amount authorized in the guidelines and in instructions for the application and must be within the amount appropriated for this activity.

(c) ~~The amounts available under paragraph (b) are available to the county or counties involved in the project to cover staff salaries and expenses to provide the services in this subdivision. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide the services listed in this subdivision.~~

~~(d)~~ Any information and referral functions funded by other sources, such as Title III of the Older Americans Act and Title XX of the Social Security Act and the Community Social Services Act, shall be considered by the local long-term care coordinating team in establishing this function to avoid duplication and to ensure access to information for persons needing help and information regarding long-term care.

~~(e) The staffing for the screening and assessment function must include, but is not limited to, a county social worker and a county public health nurse. The social worker and public health nurse are responsible for all assessments that are required to be completed by a professional. However, only one of these professionals is required to be present for the assessment. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year of experience in home care to conduct the assessment.~~

~~(f) All persons entering a Medicaid certified nursing home or boarding care home must be screened through an assessment process, although the decision to conduct a face-to-face interview is left with the county social worker and the county public health nurse. All applicants to nursing homes must be screened and approved for admission by the county social worker or the county public health nurse named by the lead agency or the agencies which are under contract with the lead agency to manage the access, screening, and assessment functions. For applicants who have a diagnosis of mental illness, mental retardation, or a related condition, and are subject to the provisions of~~

~~Public Law Numbers 100-203 and 101-508, their admission must be approved by the local mental health authority or the local developmental disabilities case manager.~~

~~The commissioner shall develop instructions and assessment forms for telephone triage and on-site screenings to ensure that federal regulations and waiver provisions are met.~~

~~For purposes of this section, the term "telephone triage" refers to a telephone or face-to-face consultation between health care and social service professionals during which the clients' circumstances are reviewed and the county agency professional sorts the individual into categories: (1) needs no screening, (2) needs an immediate screening, or (3) needs a screening after admission to a nursing home or after a return home. The county agency professional shall authorize admission to a nursing home according to the provisions in section 256B.0911, subdivision 7.~~

~~(g) The requirements for case mix assessments by a preadmission screening team may be waived and the nursing home shall complete the case mix assessments which are not conducted by the county public health nurse according to the procedures established under Minnesota Rules, part 9549.0059. The appropriate county or the lead agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.~~

~~(h)~~ *(d)* The lead agency or the agencies under contract with the lead agency which are responsible for the accessible information, screening, and assessment function must complete the forms and reports required by the commissioner as specified in the contract.

Sec. 77. Minnesota Statutes 1992, section 256B.0917, subdivision 5, is amended to read:

Subd. 5. [SERVICE DEVELOPMENT AND SERVICE DELIVERY.] (a) In addition to the access, screening, and assessment activity, each local strategy may include provisions for the following:

(1) ~~expansion of alternative care to serve an increased caseload, over the fiscal year 1991 average caseload, of at least 100 persons each year who are assessed prior to nursing home admission and persons who are relocated from nursing homes, which results in a reduction of the medical assistance nursing home caseload;~~

~~(2)~~ the addition of a full-time staff person who is responsible to develop the following services and recruit providers as established in the contract:

(i) additional adult family foster care homes;

(ii) family adult day care providers as defined in section 256B.0919, subdivision 2;

(iii) an assisted living program in an apartment;

(iv) a congregate housing service project in a subsidized housing project; and

(v) the expansion of evening and weekend coverage of home care services as deemed necessary by the local strategic plan;

~~(3)~~ *(2)* small incentive grants to new adult family care providers for renovations needed to meet licensure requirements;

~~(4)~~ *(3)* a plan to apply for a congregate housing service project as identified in section 256.9751, authorized by the Minnesota board on aging, to the extent that funds are available;

~~(5)~~ *(4)* a plan to divert new applicants to nursing homes and to relocate a targeted population from nursing homes, using the individual's own resources or the funding available for services;

~~(6)~~ *(5)* one or more caregiver support and respite care projects, as described in subdivision 6; and

~~(7)~~ *(6)* one or more living-at-home/block nurse projects, as described in subdivisions 7 to 10.

(b) The expansion of alternative care clients under paragraph (a) shall be accomplished with the funds provided under section 256B.0913, and includes the allocation of targeted funds. The funding for all participating counties must be coordinated by the local long-term care coordinating team and must be part of the local long-term care strategy. ~~Targeted~~ Alternative care funds ~~received through the SAIL project approval process~~ may be transferred from one SAIL county to another within a designated SAIL project area during a fiscal year as authorized by the local long-term care coordinating team and approved by the commissioner. The base allocation used for a future year shall reflect the final transfer. Each county retains responsibility for reimbursement as defined in section 256B.0913, subdivision 12. All other requirements for the alternative care program must be met unless an exception is provided in this section. The commissioner may establish by contract a reimbursement mechanism for alternative care that does not require invoice processing through the Medical Assistance Management Information System (MMIS). The commissioner and local agencies must assure that the same client and reimbursement data is obtained as is available under MMIS.

(c) The administration of these components is the responsibility of the agencies selected by the local coordinating team and under contract with the local lead agency. However, administrative funds for paragraph (a), clauses (2) to (5), and grant funds for paragraph (a), clauses (6) and (7), shall be granted to the local lead agency. The funding available for each component is based on the plan submitted and the amount negotiated in the contract.

Sec. 78. Minnesota Statutes 1992, section 256B.0917, subdivision 11, is amended to read:

Subd. 11. [SAIL EVALUATION AND EXPANSION.] The commissioner shall evaluate the success of the SAIL projects against the objective stated in subdivision 1, paragraph (b), and recommend to the legislature the continuation or expansion of the long-term care strategy by February 15, ~~1993~~ *1995*.

Sec. 79. Minnesota Statutes 1992, section 256B.0917, subdivision 12, is amended to read:

Subd. 12. [PUBLIC AWARENESS CAMPAIGN.] The commissioner, with assistance from the commissioner of health and with the advice of the long-term care planning committee, shall contract for a public awareness campaign to educate the general public, seniors, consumers, caregivers, and professionals about the aging process, the long-term care system, and

alternatives available including alternative care and residential alternatives. Particular emphasis will be given to informing consumers on how to access the alternatives and obtain information on the long-term care system. The commissioner shall pursue the development of new names for preadmission screening, alternative care, ~~and~~ foster care, *and other services as deemed necessary for the public awareness campaign.*

Sec. 80. Minnesota Statutes 1992, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. [STATE TRAUMATIC BRAIN INJURY ~~CASE MANAGEMENT~~ *PROGRAM.*] The commissioner of human services shall:

(1) establish and maintain statewide traumatic brain injury ~~case management~~ *program*;

(2) designate a full-time position to supervise and coordinate services *and policies* for persons with traumatic brain injuries;

(3) contract with qualified agencies or employ staff to provide statewide administrative case management; ~~and~~

(4) establish an advisory committee to provide recommendations in a report to the ~~department~~ *commissioner* regarding program and service needs of persons with traumatic brain injuries. *The advisory committee shall consist of no less than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair; and*

(5) investigate the need for the development of rules or statutes for:

(i) traumatic brain injury home and community-based services waiver; and

(ii) traumatic brain injury services not covered by any other statute or rule.

Sec. 81. Minnesota Statutes 1992, section 256B.093, subdivision 3, is amended to read:

Subd. 3. [~~CASE MANAGEMENT~~ *TRAUMATIC BRAIN INJURY PROGRAM* DUTIES.] The department shall fund case management under this subdivision using medical assistance administrative funds. ~~Case management~~ *The traumatic brain injury program* duties include:

(1) assessing the person's individual needs for services required to prevent institutionalization;

(2) ensuring that a care plan that addresses the person's needs is developed, implemented, and monitored on an ongoing basis by the appropriate agency or individual;

(3) assisting the person in obtaining services necessary to allow the person to remain in the community;

(4) coordinating home care services with other medical assistance services under section 256B.0625;

(5) ensuring appropriate, accessible, and cost-effective medical assistance services;

(6) recommending to the commissioner the approval or denial of the use of medical assistance funds to pay for home care services when home care

services exceed thresholds established by the commissioner under section 256B.0627;

(7) assisting the person with problems related to the provision of home care services;

(8) ensuring the quality of home care services;

(9) reassessing the person's need for and level of home care services at a frequency determined by the commissioner; ~~and~~

(10) recommending to the commissioner the approval or denial of medical assistance funds to pay for out-of-state placements for traumatic brain injury services and in-state traumatic brain injury services provided by designated Medicare long-term care hospitals*;*

(11) coordinating the traumatic brain injury home and community-based waiver; and

(12) approving traumatic brain injury waiver care plans.

Sec. 82. Minnesota Statutes 1992, section 256B.15, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For purposes of this section, "medical assistance" includes the medical assistance program under this chapter and the general assistance medical care program under chapter 256D, but does not include the alternative care program ~~under this chapter~~ *for nonmedical assistance recipients under section 256B.0913, subdivision 4.*

Sec. 83. Minnesota Statutes 1992, section 256B.15, subdivision 2, is amended to read:

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~~ *1a*, clause (b), and the total amount of general assistance medical care rendered, and shall not include interest. Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). 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.

Sec. 84. Minnesota Statutes 1992, section 256B.19, subdivision 1b, is amended to read:

Subd. 1b. [PORTION OF NONFEDERAL SHARE TO BE PAID BY GOVERNMENT HOSPITALS.] *(a)* In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance costs attributable to them. For purposes of this subdivision, "designated governmental unit" means Hennepin county~~, and the public corporation known as Ramsey Health Care, Inc. which is operated under the authority of chapter 246A~~ *and the University of Minnesota*. For purposes of this subdivision, "public hospital" means the Hennepin County Medical Center~~,~~ *and the University of Minnesota hospital* ~~and the St. Paul Ramsey Medical Center~~.

(b) ~~Each of the governmental units designated in this subdivision~~ *From July 1, 1993 through June 30, 1994, Hennepin county* shall on a monthly basis transfer an amount equal to ~~two~~ *1.8* percent of the public hospital's net patient revenues, excluding net Medicare revenue to the state Medicaid agency.

(c) Effective July 1, 1994, each of the governmental units designated in paragraph (a) shall on a monthly basis transfer an amount equal to 1.8 percent of the public hospital's net patient revenues, excluding net Medicare revenue, to the state Medicaid agency.

(d) These sums shall be part of the ~~local~~ *designated* governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 85. Minnesota Statutes 1992, section 256B.19, is amended by adding a subdivision to read:

Subd. 1c. [ADDITIONAL PORTION OF NONFEDERAL SHARE.] *In addition to any payment required under subdivision 1b, Hennepin county and the University of Minnesota shall be responsible for a monthly transfer payment of $1,000,000, due before noon on the 15th of each month beginning July 15, 1993. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.*

Sec. 86. Minnesota Statutes 1992, section 256B.19, is amended by adding a subdivision to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] *In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, Mahnomen, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.*

Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned by the county multiplied by $5,723. If two or more counties own a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 87. Minnesota Statutes 1992, section 256B.37, subdivision 3, is amended to read:

Subd. 3. [NOTICE.] The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the cost of medical care when the state agency has paid or become liable for the cost of care. Notice must be given as follows:

(a) Applicants for medical assistance shall notify the state or local agency of any possible claims when they submit the application. Recipients of

medical assistance shall notify the state or local agency of any possible claims when those claims arise.

(b) A person providing medical care services to a recipient of medical assistance shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(c) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement. *A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.*

Notice given to the local agency is not sufficient to meet the requirements of paragraphs (b) and (c).

Sec. 88. Minnesota Statutes 1992, section 256B.37, subdivision 5, is amended to read:

Subd. 5. [PRIVATE BENEFITS TO BE USED FIRST.] Private accident and health care coverage for medical services is primary coverage and must be exhausted before medical assistance is paid. When a person who is otherwise eligible for medical assistance has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. ~~Supplemental payment may be made by medical assistance, but the combined total amount paid must not exceed the amount payable under medical assistance in the absence of other coverage. Medical assistance must not make supplemental payment for covered services rendered by a vendor who participates or contracts with a health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full.~~

Sec. 89. Minnesota Statutes 1992, section 256B.37, is amended by adding a subdivision to read:

Subd. 5a. [SUPPLEMENTAL PAYMENT BY MEDICAL ASSISTANCE.] *Medical assistance payment will not be made when either covered charges are paid in full by a third party or the provider has an agreement to accept payment for less than charges as payment in full. Payment for patients that are simultaneously covered by medical assistance and a liable third party other than Medicare will be determined as the lesser of clauses (1) to (3):*

(1) the patient liability according to the provider/insurer agreement;

(2) covered charges minus the third party payment amount; or

(3) the medical assistance rate minus the third party payment amount.

A negative difference will not be implemented.

Sec. 90. Minnesota Statutes 1992, 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 facility's cost report of allowable operating costs incurred by the nursing facility 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 facility, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing facility. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing facilities 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 facilities 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, 1989, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052, on January 1, 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 facilities 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 facility payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing facility 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 facilities 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 facilities licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minne-

sota 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 facilities 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 facility shall receive an operating cost payment rate equal to the sum of the nursing facility'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 facility'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 facility'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 facility as an operating cost of that nursing facility. Allowable costs under this subdivision for payments made by a nonprofit nursing facility that are in lieu of real estate taxes shall not exceed the amount which the nursing facility 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 facilities 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 facility as an operating cost of that nursing facility. For rate years beginning on or after July 1, 1989, the commissioner shall include a nursing facility'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 facility (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 facility 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 facility'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. 91. Minnesota Statutes 1992, section 256B.431, subdivision 2o, is amended to read:

Subd. 2o. [SPECIAL PAYMENT RATES FOR SHORT-STAY NURSING FACILITIES.] Notwithstanding contrary provisions of this section and rules adopted by the commissioner, for the rate years beginning on or after July 1, ~~1992~~ *1993*, a nursing facility whose average length of stay for the ~~rate~~ *preceding reporting* year ~~beginning July 1, 1991,~~ is *(1)* less than 180 days*; or (2) less than 225 days in a nursing facility with more than 315 licensed beds* must be reimbursed for allowable costs up to 125 percent of the total care-related limit and 105 percent of the other-operating-cost limit for hospital-attached nursing facilities. ~~The~~ *A* nursing facility *that received the benefit of this limit during the rate year beginning July 1, 1992,* continues to receive this rate *during the rate year beginning July 1, 1993,* even if the facility's average length of stay is more than 180 days in the rate years subsequent to the rate year beginning July 1, 1991. *For purposes of this subdivision, a nursing facility shall compute its average length of stay by dividing the nursing facility's actual resident days for the reporting year by the nursing facility's total resident discharges for that reporting year.*

Sec. 92. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 2s. [PAYMENT RESTRICTIONS ON LEAVE DAYS.] *Effective July 1, 1993, the commissioner shall limit payment for leave days in a nursing facility to 79 percent of that nursing facility's total payment rate for the involved resident.*

Sec. 93. Minnesota Statutes 1992, section 256B.431, subdivision 13, is amended to read:

Subd. 13. [HOLD-HARMLESS PROPERTY-RELATED RATES.] (a) Terms used in subdivisions 13 to 21 shall be as defined in Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(b) Except as provided in this subdivision, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the property-related rate for a nursing facility shall be the greater of $4 or the property-related payment rate in effect on September 30, 1992. In addition, the incremental increase in the nursing facility's rental rate will be determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section.

(c) Notwithstanding Minnesota Rules, part 9549.0060, subpart 13, item F, a nursing facility that has a sale permitted under subdivision 14 after June 30, 1992, shall receive the property-related payment rate in effect at the time of the sale or reorganization. For rate periods beginning after October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility shall receive, in addition to its property-related payment rate in effect at the time of the sale, the incremental increase allowed under subdivision 14.

(d) For rate years beginning after June 30, 1993, the property-related rate for a nursing facility licensed after July 1, 1989, after relocating its beds from a separate nursing home to a building formerly used as a hospital and sold during the cost reporting year ending September 30, 1991, shall be its property-related rate prior to the sale in addition to the incremental increases provided under this section effective on October 1, 1992, of 29 cents per day, and any incremental increases after October 1, 1992, calculated by using its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, recognizing the current appraised value of the facility at the new location, and including as allowable debt otherwise allowable debt incurred to remodel the facility in the new location prior to the relocation of beds.

Sec. 94. Minnesota Statutes 1992, section 256B.431, subdivision 14, is amended to read:

Subd. 14. [LIMITATIONS ON SALES OF NURSING FACILITIES.] (a) For rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility's property-related payment rate as established under subdivision 13 shall be adjusted by either paragraph (b) or (c) for the sale of the nursing facility, including sales occurring after June 30, 1992, as provided in this subdivision.

(b) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is greater than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the greater of its property-related payment rate under subdivision 13 prior to sale or its rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(c) If the nursing facility's property-related payment rate under subdivision 13 prior to sale is equal to or less than the nursing facility's rental rate under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale, the nursing facility's property-related payment rate after sale shall be the nursing facility's property-related payment rate under subdivision 13 plus the difference between its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section prior to sale and its rental rate calculated under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section calculated after sale.

(d) For purposes of this subdivision, "sale" means the purchase of a nursing facility's capital assets with cash or debt. The term sale does not include a stock purchase of a nursing facility or any of the following transactions:

(1) a sale and leaseback to the same licensee that does not constitute a change in facility license;

(2) a transfer of an interest to a trust;

(3) gifts or other transfers for no consideration;

(4) a merger of two or more related organizations;

(5) a change in the legal form of doing business, other than a publicly held organization that becomes privately held or vice versa;

(6) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing facility or the issuance of stock; and

(7) a sale, merger, reorganization, or any other transfer of interest between related organizations other than those permitted in this section.

(e) For purposes of this subdivision, "sale" includes the sale or transfer of a nursing facility to a close relative as defined in Minnesota Rules, part 9549.0020, subpart 38, item C, upon the death of an owner, due to serious illness or disability, as defined under the Social Security Act, under United States Code, title 42, section 423(d)(1)(A), or upon retirement of an owner from the business of owning or operating a nursing home at 62 years of age or older. For sales to a close relative allowed under this paragraph, otherwise nonallowable debt resulting from seller financing of all or a portion of the debt resulting from the sale shall be allowed and shall not be subject to Minnesota Rules, part 9549.0060, subpart 5, item E, provided that in addition to existing requirements for allowance of debt and interest, the debt is subject to repayment through annual principal payments and the interest rate on the related organization debt does not exceed three percentage points above the posted yield for standard conventional fixed rate mortgages of the Federal Home Loan Mortgage Corporation for delivery in 60 days in effect on the day of sale. If at any time, the seller forgives the related organization debt allowed under this paragraph for other than equal amount of payment on that debt, then the buyer shall pay to the state the total revenue received by the nursing facility after the sale attributable to the amount of allowable debt which has been forgiven. Any assignment, sale, or transfer of the debt instrument entered into by the close relatives, either directly or indirectly, which grants to the close relative buyer the right to receive all or a portion of the payments under the debt instrument shall, effective on the date of the transfer, result in the prospective reduction in the corresponding portion of the allowable debt and interest expense. Upon the death of the close relative seller, any remaining balance of the close relative debt must be refinanced and such refinancing shall be subject to the provisions of Minnesota Rules, part 9549.0060, subpart 7, item G. This paragraph shall not apply to sales occurring on or after June 30, 1997.

~~(e)~~ *(f)* For purposes of this subdivision, "effective date of sale" means the later of either the date on which legal title to the capital assets is transferred or the date on which closing for the sale occurred.

~~(f)~~ *(g)* The effective day for the property-related payment rate determined under this subdivision shall be the first day of the month following the month in which the effective date of sale occurs or October 1, 1992, whichever is later, provided that the notice requirements under section 256B.47, subdivision 2, have been met.

~~(g)~~ *(h)* Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (3) and (4), and 7, items E and F, the commissioner shall limit the total allowable debt and related interest for sales occurring after June 30, 1992, to the sum of clauses (1) to (3):

(1) the historical cost of capital assets, as of the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the nursing facility's initial historical cost of constructing capital assets;

(2) the average annual capital asset additions after deduction for capital asset deletions, not including depreciations; and

(3) one-half of the allowed inflation on the nursing facility's capital assets.

The commissioner shall compute the allowed inflation as described in paragraph (h).

~~(h)~~ *(i)* For purposes of computing the amount of allowed inflation, the commissioner must apply the following principles:

(1) the lesser of the Consumer Price Index for all urban consumers or the Dodge Construction Systems Costs for Nursing Homes for any time periods during which both are available must be used. If the Dodge Construction Systems Costs for Nursing Homes becomes unavailable, the commissioner shall substitute the index in subdivision 3f, or such other index as the secretary of the health care financing administration may designate;

(2) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must be computed separately;

(3) the amount of allowed inflation must be determined on an annual basis, prorated on a monthly basis for partial years and if the initial month of use is not determinable for a capital asset, then one-half of that calendar year shall be used for purposes of prorating;

(4) the amount of allowed inflation to be applied to the capital assets in paragraph (g), clauses (1) and (2), must not exceed 300 percent of the total capital assets in any one of those clauses; and

(5) the allowed inflation must be computed starting with the month following the nursing facility's most recent previous effective date of sale or, if there has been no previous sale, the month following the date of the nursing facility's initial occupancy, and ending with the month preceding the effective date of sale.

~~(i)~~ *(j)* If the historical cost of a capital asset is not readily available for the date of the nursing facility's most recent previous sale or if there has been no previous sale for the date of the nursing facility's initial occupancy, then the commissioner shall limit the total allowable debt and related interest after sale to the extent recognized by the Medicare intermediary after the sale. For a nursing facility that has no historical capital asset cost data available and does not have allowable debt and interest calculated by the Medicare intermediary, the commissioner shall use the historical cost of capital asset data from the point in time for which capital asset data is recorded in the nursing facility's audited financial statements.

~~(j)~~ *(k)* The limitations in this subdivision apply only to debt resulting from a sale of a nursing facility occurring after June 30, 1992, including debt assumed by the purchaser of the nursing facility.

Sec. 95. Minnesota Statutes 1992, section 256B.431, subdivision 15, is amended to read:

Subd. 15. [CAPITAL REPAIR AND REPLACEMENT COST REPORTING AND RATE CALCULATION.] For rate years beginning after June 30, 1993, a nursing facility's capital repair and replacement payment rate shall be established annually as provided in paragraphs (a) to (d).

(a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 12, the costs of acquiring *any of* the following items, including cash payment for equity investment and principal and interest expense for debt financing, shall be reported in the capital repair and replacement cost category *when the cost of the item exceeds $500*:

(1) wall coverings;

(2) paint;

(3) floor coverings;

(4) window coverings;

(5) roof repair;

(6) heating or cooling system repair or replacement;

(7) window repair or replacement;

(8) initiatives designed to reduce energy usage by the facility if accompanied by an energy audit prepared by a professional engineer or architect registered in Minnesota, or by an auditor certified under Minnesota Rules, part 7635.0130, to do energy audits and the energy audit identifies the initiative as a conservation measure; and

(9) ~~capitalized~~ repair or replacement of capital assets not included in the equity incentive computations under subdivision 16.

(b) To compute the capital repair and replacement payment rate, the allowable annual repair and replacement costs for the reporting year must be divided by actual resident days for the reporting year. The annual allowable capital repair and replacement costs shall not exceed $150 per licensed bed. The excess of the allowed capital repair and replacement costs over the capital repair and replacement limit shall be a cost carryover to succeeding cost reporting periods, except that sale of a facility, under subdivision 14, shall terminate the carryover of all costs except those incurred in the most recent cost reporting year. The termination of the carryover shall have effect on the capital repair and replacement rate on the same date as provided in subdivision 14, paragraph (f), for the sale. For rate years beginning after June 30, 1994, the capital repair and replacement limit shall be subject to the index provided in subdivision 3f, paragraph (a). For purposes of this subdivision, the number of licensed beds shall be the number used to calculate the nursing facility's capacity days. The capital repair and replacement rate must be added to the nursing facility's total payment rate.

(c) Capital repair and replacement costs under this subdivision shall not be counted as either care-related or other operating costs, nor subject to care-related or other operating limits.

(d) If costs otherwise allowable under this subdivision are incurred as the result of a project approved under the moratorium exception process in section 144A.073, or in connection with an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost of these assets exceeds the lesser of $150,000 or ten percent of the nursing facility's appraised value, these costs must be claimed under subdivision 16 or 17, as appropriate.

Sec. 96. Minnesota Statutes 1992, section 256B.431, subdivision 21, is amended to read:

Subd. 21. [INDEXING ~~THRESHHOLDS~~ *THRESHOLDS.*] Beginning January 1, 1993, and each January 1 thereafter, the commissioner shall annually update the dollar ~~threshholds~~ *thresholds* in subdivisions 15, paragraph (d), 16, and 17, and in section 144A.071, ~~subdivision~~ *subdivisions* 2

and ~~3~~ *4a*, clauses ~~(h)~~ *(b)* and ~~(p)~~ *(e)*, by the inflation index referenced in subdivision 3f, paragraph (a).

Sec. 97. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 22. [CHANGES TO NURSING FACILITY REIMBURSEMENT.] *The nursing facility reimbursement changes in paragraphs (a) to (e) apply to Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, and are effective for rate years beginning on or after July 1, 1993, unless otherwise indicated.*

(a) In addition to the approved pension or profit sharing plans allowed by the reimbursement rule, the commissioner shall allow those plans specified in Internal Revenue Code, sections 403(b) and 408(k).

(b) The commissioner shall allow as workers' compensation insurance costs under section 256B.421, subdivision 14, the costs of workers' compensation coverage obtained under the following conditions:

(1) a plan approved by the commissioner of commerce as a Minnesota group or individual self-insurance plan as provided in sections 79A.03;

(2) a plan in which:

(i) the nursing facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) a related organization to the nursing facility reinsures the workers' compensation coverage purchased, directly or indirectly, by the nursing facility; and

(iii) all of the conditions in clause (4) are met;

(3) a plan in which:

(i) the nursing facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) the insurance premium is calculated retrospectively, including a maximum premium limit, and paid using the paid loss retro method; and

(iii) all of the conditions in clause (4) are met;

(4) additional conditions are:

(i) the costs of the plan are allowable under the federal Medicare program;

(ii) the reserves for the plan are maintained in an account controlled and administered by a person which is not a related organization to the nursing facility;

(iii) the reserves for the plan cannot be used, directly or indirectly, as collateral for debts incurred or other obligations of the nursing facility or related organizations to the nursing facility;

(iv) if the plan provides workers' compensation coverage for non-Minnesota nursing facilities, the plan's cost methodology must be consistent among all

nursing facilities covered by the plan, and if reasonable, is allowed notwithstanding any reimbursement laws regarding cost allocation to the contrary;

(v) central, affiliated, corporate, or nursing facility costs related to their administration of the plan are costs which must remain in the nursing facility's administrative cost category and must not be allocated to other cost categories; and

(vi) required security deposits, whether in the form of cash, investments, securities, assets, letters of credit, or in any other form are not allowable costs for purposes of establishing the facilities payment rate.

(5) any costs allowed pursuant to clauses (1) to (3) are subject to the following requirements:

(i) If the nursing facility is sold or otherwise ceases operations, the plan's reserves must be subject to an actuarially based settle-up after 36 months from the date of sale or the date on which operations ceased. The facility's medical assistance portion of the total excess plan reserves must be paid to the state within 30 days following the date on which excess plan reserves are determined.

(ii) Any distribution of excess plan reserves made to or withdrawals made by the nursing facility or a related organization are applicable credits and must be used to reduce the nursing facility's workers' compensation insurance costs in the reporting period in which a distribution or withdrawal is received.

(iii) If reimbursement for the plan is sought under the federal Medicare program, and is audited pursuant to the Medicare program, the nursing facility must provide a copy of Medicare's final audit report, including attachments and exhibits, to the commissioner within 30 days of receipt by the nursing facility or any related organization. The commissioner shall implement the audit findings associated with the plan upon receipt of Medicare's final audit report. The department's authority to implement the audit findings is independent of its authority to conduct a field audit.

(6) the commissioner shall have authority to adopt emergency rules to implement this paragraph.

(c) In the determination of incremental increases in the nursing facility's rental rate as required in subdivisions 14 to 21, except for a refinancing permitted under subdivision 19, the commissioner must adjust the nursing facility's property-related payment rate for both incremental increases and decreases in recomputations of its rental rate.

(d) A nursing facility's administrative cost limitation must be modified as follows:

(1) if the nursing facility's licensed beds exceed 195 licensed beds, the general and administrative cost category limitation shall be 13 percent;

(2) if the nursing facility's licensed beds are more than 150 licensed beds, but less than 196 licensed beds, the general and administrative cost category limitation shall be 14 percent; or

(3) if the nursing facility's licensed beds is less than 151 licensed beds, the general and administrative cost category limitation shall remain at 15 percent.

(e) The care related operating rate shall be increased by eight cents to reimburse facilities for unfunded federal mandates, including costs related to hepatitis B vaccinations.

Sec. 98. Minnesota Statutes 1992, section 256B.431 is amended by adding a subdivision to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] *(a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, as of January 1 of the previous year, was county-owned and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to $16 per calendar day multiplied by the number of beds licensed in the facility as of September 30, 1991.*

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

Sec. 99. Minnesota Statutes 1992, section 256B.431, is amended by adding a subdivision to read:

Subd. 24. [MODIFIED EFFICIENCY INCENTIVE.] *Notwithstanding section 256B.74, subdivision 3, for the rate year beginning July 1, 1993, the maximum efficiency incentive is $2.20, and for rate years beginning on or after July 1, 1994, the commissioner shall determine a nursing facility's efficiency incentive by first computing the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall then use the following table to compute the nursing facility's efficiency incentive. Each increment or partial increment the nursing facility's nonadjusted other operating per diem is below its other operating cost limit shall be multiplied by the corresponding percentage for that per diem increment. The sum of each of those computations shall be the nursing facility's efficiency incentive.*

Other Operating Cost Per Diem Increment Below Facility Limit	*Percentage Applied to Each Per Diem Increment*
Less than $0.50	*70 percent*
$0.50 to less than $0.70	*10 percent*
$0.70 to less than $0.90	*15 percent*
$0.90 to less than $1.10	*20 percent*
$1.10 to less than $1.30	*25 percent*
$1.30 to less than $1.50	*30 percent*
$1.50 to less than $1.70	*35 percent*
$1.70 to less than $1.90	*40 percent*
$1.90 to less than $2.10	*45 percent*
$2.10 to less than $2.30	*50 percent*
$2.30 to less than $2.50	*55 percent*
$2.50 to less than $2.70	*60 percent*
$2.70 to less than $2.90	*65 percent*

$2.90 to less than $3.10	*70 percent*
$3.10 to less than $3.30	*75 percent*
$3.30 to less than $3.50	*80 percent*
$3.50 to less than $3.70	*85 percent*
$3.70 to less than $3.90	*90 percent*
$3.90 to less than $4.10	*95 percent*
$4.10 to less than $4.30	*100 percent*

The maximum efficiency incentive is $2.44 per resident day.

Sec. 100. Minnesota Statutes 1992, section 256B.432, subdivision 5, is amended to read:

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~~ *total operating costs*.

(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 *operating* 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 *operating* 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).

Sec. 101. Minnesota Statutes 1992, section 256B.432, is amended by adding a subdivision to read:

Subd. 8. [ADEQUATE DOCUMENTATION SUPPORTING LONG-TERM CARE FACILITY PAYROLLS.] *Beginning July 1, 1993, payroll records supporting compensation costs claimed by long-term care facilities must be supported by affirmative time and attendance records prepared by each individual at intervals of not more than one month. The affirmative time and attendance record must identify the individual's name; the days worked during each pay period; the number of hours worked each day; and the number of hours taken each day by the individual for vacation, sick, and other*

leave. The affirmative time and attendance record must include a signed verification by the individual and the individual's supervisor, if any, that the entries reported on the record are correct.

Sec. 102. Minnesota Statutes 1992, section 256B.47, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION OF COSTS.] To ensure the avoidance of double payments as required by section 256B.433, the direct and indirect reporting year costs of providing residents of nursing facilities that are not hospital attached with therapy services that are billed separately from the nursing facility payment rate or according to Minnesota Rules, parts 9500.0750 to 9500.1080, must be determined and deducted from the appropriate cost categories of the annual cost report as follows:

(a) The costs of wages and salaries for employees providing or participating in providing and consultants providing services shall be allocated to the therapy service based on direct identification.

(b) The costs of fringe benefits and payroll taxes relating to the costs in paragraph (a) must be allocated to the therapy service based on direct identification or the ratio of total costs in paragraph (a) to the sum of total allowable salaries and the costs in paragraph (a).

(c) The costs of housekeeping, plant operations and maintenance, real estate taxes, special assessments, and insurance, other than the amounts classified as a fringe benefit, must be allocated to the therapy service based on the ratio of service area square footage to total facility square footage.

(d) The costs of bookkeeping and medical records must be allocated to the therapy service either by the method in paragraph (e) or based on direct identification. Direct identification may be used if adequate documentation is provided to, and accepted by, the commissioner.

(e) The costs of administrators, bookkeeping, and medical records salaries, except as provided in paragraph (d), must be allocated to the therapy service based on the ratio of the total costs in paragraphs (a) to (d) to the sum of total allowable nursing facility costs and the costs in paragraphs (a) to (d).

(f) The cost of property must be allocated to the therapy service and removed from the ~~rental per diem~~ *nursing facility's property-related payment rate*, based on the ratio of service area square footage to total facility square footage multiplied by the ~~building capital allowance~~ *property-related payment rate*.

Sec. 103. Minnesota Statutes 1992, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the

daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring an applicant for admission to the facility, or the guardian or conservator of the applicant, as a condition of admission, to pay any fee or deposit in excess of $100, loan any money to the nursing facility, or promise to leave all or part of the applicant's estate to the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services ~~who is a licensed physician or pharmacist~~ chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law

shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and

(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and

(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 104. Minnesota Statutes 1992, 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, 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. *Beginning with the reporting year which begins October 1, 1992, a nursing facility is no longer required to have a certified audit of its financial statements. The cost of a certified audit shall not be an allowable cost in that reporting year, nor in subsequent reporting years unless the nursing facility submits its certified audited financial statements in the manner otherwise specified in this subdivision. A nursing facility which does not submit a certified audit must submit its working trial balance*;

(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.

Both nursing facilities and intermediate care facilities for the mentally retarded must maintain statistical and accounting records in sufficient detail to support information contained in the facility's cost report for at least ~~five~~ *six* years, including the year following the submission of the cost report. For computerized accounting systems, the records must include copies of electronically generated media such as magnetic discs and tapes.

Sec. 105. Minnesota Statutes 1992, section 256B.49, is amended by adding a subdivision to read:

Subd. 5. [PROVIDE WAIVER ELIGIBILITY FOR CERTAIN CHRONICALLY ILL AND CERTAIN DISABLED PERSONS.] *Chronically ill or disabled individuals, who are likely to reside in acute care if waiver services were not provided, could be found eligible for services under this section without regard to age.*

Sec. 106. Minnesota Statutes 1992, 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 postmarked *or received by the commissioner* within 60 days of the date the determination of the payment rate was mailed *or personally received by a provider, whichever is earlier*. The notice of appeal must specify each disputed item; the reason for the dispute; the total dollar amount 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. The commissioner shall review an appeal by a nursing facility, if the appeal was sent by certified mail and postmarked prior to August 1, 1991, and would have been received by the commissioner within the 60-day deadline if it had not been delayed due to an error by the postal service.

Sec. 107. Minnesota Statutes 1992, section 256B.50, is amended by adding a subdivision to read:

Subd. 1h. [APPEALS REVIEW PROJECT.] *(a) The appeals review procedure described in this subdivision is effective for desk audit appeals for rate years beginning between July 1, 1993, and June 30, 1997, and for field audit appeals filed during that time period. For appeals reviewed under this subdivision, subdivision 1c applies only to contested case demands under paragraph (d) and subdivision 1d does not apply.*

(b) The commissioner shall review appeals and issue a written determination on each appealed item within one year of the due date of the appeal. Upon mutual agreement, the commissioner and the provider may extend the time for issuing a determination for a specified period. The commissioner shall notify the provider by first class mail of the determination. The determination takes effect 30 days following the date of issuance specified in the determination.

(c) In reviewing the appeal, the commissioner may request additional written or oral information from the provider. The provider has the right to present information by telephone or in person concerning the appeal to the commissioner prior to the issuance of the determination if a conference is requested within six months of the date the appeal was received by the commissioner. Statements made during the review process are not admissible in a contested case hearing under paragraph (d) absent an express stipulation by the parties to the contested case.

(d) For an appeal item on which the provider disagrees with the determination, the provider may file with the commissioner a written demand for a contested case hearing to determine the proper resolution of specified appeal items. The demand must be postmarked or received by the commissioner within 30 days of the date of issuance specified in the determination. The commissioner shall refer any contested case demand to the office of the attorney general. When a contested case demand is referred to the office of the attorney general, the contested case procedures described in subdivision 1c apply and the written determination issued by the commissioner is of no effect.

(e) The commissioner has discretion to issue to the provider a proposed resolution for specified appeal items upon a request from the provider filed separately from the notice of appeal. The proposed resolution is final upon written acceptance by the provider within 30 days of the date the proposed resolution was mailed to or personally received by the provider, whichever is earlier.

(f) The commissioner may use the procedures described in this subdivision to resolve appeals filed prior to July 1, 1993.

Sec. 108. Minnesota Statutes 1992, section 256B.50, is amended by adding a subdivision to read:

Subd. 3. [TIME AND ATTENDANCE DISPUTED ITEMS.] *The commissioner shall settle unresolved appeals by a nursing facility of disallowances or adjustments of compensation costs for rate years beginning prior to June 30, 1994, by recognizing the compensation costs reported by the nursing facility when the appealed disallowances or adjustments were based on a determination of inadequate documentation of time and attendance or equivalent records to support payroll costs. The recognition of costs provided in this subdivision pertains only to appeals of disallowances and adjustments based solely on disputed time and attendance or equivalent records. Appeals of disallowances and adjustments of compensation costs based on other grounds, including misrepresentation of costs or failure to meet the general cost criteria under Minnesota Rules, parts 9549.0010 to 9549.0080, are not governed by this subdivision.*

Sec. 109. Minnesota Statutes 1992, section 256B.501, subdivision 3g, is amended to read:

Subd. 3g. [ASSESSMENT OF RESIDENTS.] ~~For rate years beginning on or after October 1, 1990, the commissioner shall establish program operating cost rates for care of residents in facilities that take into consideration service characteristics of residents in those facilities.~~ To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the ~~client's~~ *services identified as*

needed and provided to each client to address behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. ~~The commissioner may adjust the program operating cost rates of facilities based on a comparison of client service characteristics, resource needs, and costs. The commissioner may adjust a facility's payment rate during the rate year when accumulated changes in the facility's average service units exceed the minimums established in the rules required by subdivision 3j.~~ *By January 30, 1994, the commissioner shall report to the legislature on:*

(1) the assessment process and scoring system utilized;

(2) possible utilization of assessment information by facilities for management purposes; and

(3) possible application of the assessment for purposes of adjusting the operating cost rates of facilities based on a comparison of client services characteristics, resource needs, and costs.

Sec. 110. Minnesota Statutes 1992, section 256B.501, subdivision 3i, is amended to read:

Subd. 3i. [SCOPE.] Subdivisions 3a to *3e and* 3h do not apply to facilities whose payment rates are governed by Minnesota Rules, part 9553.0075.

Sec. 111. Minnesota Statutes 1992, section 256B.501, is amended by adding a subdivision to read:

Subd. 5a. [CHANGES TO ICF/MR REIMBURSEMENT.] *The reimbursement rule changes in paragraphs (a) to (e) apply to Minnesota Rules, parts 9553.0010 to 9553.0080, and this section, and are effective for rate years beginning on or after October 1, 1993, unless otherwise specified.*

(a) The maximum efficiency incentive shall be $1.50 per resident per day.

(b) If a facility's capital debt reduction allowance is greater than 50 cents per resident per day, that facility's capital debt reduction allowance in excess of 50 cents per resident day shall be reduced by 25 percent.

(c) Beginning with the biennial reporting year which begins January 1, 1993, a facility is no longer required to have a certified audit of its financial statements. The cost of a certified audit shall not be an allowable cost in that reporting year, nor in subsequent reporting years unless the facility submits its certified audited financial statements in the manner otherwise specified in this subdivision. A nursing facility which does not submit a certified audit must submit its working trial balance.

(d) In addition to the approved pension or profit sharing plans allowed by the reimbursement rule, the commissioner shall allow those plans specified in Internal Revenue Code, sections 403(b) and 408(k).

(e) The commissioner shall allow as workers' compensation insurance costs under this section, the costs of workers' compensation coverage obtained under the following conditions:

(1) a plan approved by the commissioner of commerce as a Minnesota group or individual self-insurance plan as provided in sections 79A.03;

(2) a plan in which:

(i) the facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) a related organization to the facility reinsures the workers' compensation coverage purchased, directly or indirectly, by the facility; and

(iii) all of the conditions in clause (4) are met;

(3) a plan in which:

(i) the facility, directly or indirectly, purchases workers' compensation coverage in compliance with section 176.181, subdivision 2, from an authorized insurance carrier;

(ii) the insurance premium is calculated retrospectively, including a maximum premium limit, and paid using the paid loss retro method; and

(iii) all of the conditions in clause (4) are met;

(4) additional conditions are:

(i) the reserves for the plan are maintained in an account controlled and administered by a person which is not a related organization to the facility;

(ii) the reserves for the plan cannot be used, directly or indirectly, as collateral for debts incurred or other obligations of the facility or related organizations to the facility;

(iii) if the plan provides workers' compensation coverage for non-Minnesota facilities, the plan's cost methodology must be consistent among all facilities covered by the plan, and if reasonable, is allowed notwithstanding any reimbursement laws regarding cost allocation to the contrary;

(iv) central, affiliated, corporate, or nursing facility costs related to their administration of the plan are costs which must remain in the nursing facility's administrative cost category, and must not be allocated to other cost categories; and

(v) required security deposits, whether in the form of cash, investments, securities, assets, letters of credit, or in any other form are not allowable costs for purposes of establishing the facilities payment rate;

(5) any costs allowed pursuant to clauses (1) to (3) are subject to the following requirements:

(i) If the facility is sold or otherwise ceases operations, the plan's reserves must be subject to an actuarially based settle-up after 36 months from the date of sale or the date on which operations ceased. The facility's medical assistance portion of the total excess plan reserves must be paid to the state within 30 days following the date on which excess plan reserves are determined;

(ii) Any distribution of excess plan reserves made to or withdrawals made by the facility or a related organization are applicable credits and must be used to reduce the facility's workers' compensation insurance costs in the reporting period in which a distribution or withdrawal is received; and

(iii) If the plan is audited pursuant to the Medicare program, the facility must provide a copy of Medicare's final audit report, including attachments and exhibits, to the commissioner within 30 days of receipt by the facility or

any related organization. The commissioner shall implement the audit findings associated with the plan upon receipt of Medicare's final audit report. The department's authority to implement the audit findings is independent of its authority to conduct a field audit; and

(6) the commissioner shall have authority to adopt emergency rules to implement this paragraph.

Sec. 112. Minnesota Statutes 1992, section 256B.501, subdivision 12, is amended to read:

Subd. 12. [ICF/MR SALARY ADJUSTMENTS.] For the rate period beginning January 1, 1992, and ending September 30, 1993, the commissioner shall add the appropriate salary adjustment cost per diem calculated in paragraphs (a) to (d) to the total operating cost payment rate of each facility. The salary adjustment cost per diem must be determined as follows:

(a) [COMPUTATION AND REVIEW GUIDELINES.] Except as provided in paragraph (c), a state-operated community service, and any facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, are not eligible for a salary adjustment otherwise granted under this subdivision. For purposes of the salary adjustment per diem computation and reviews in this subdivision, the term "salary adjustment cost" means the facility's allowable program operating cost category employee training expenses, and the facility's allowable salaries, payroll taxes, and fringe benefits. The term does not include these same salary-related costs for both administrative or central office employees.

For the purpose of determining the amount of salary adjustment to be granted under this subdivision, the commissioner must use the reporting year ending December 31, 1990, as the base year for the salary adjustment per diem computation. For the purpose of ~~each year's~~ *both years'* salary adjustment cost review, the commissioner must use the facility's salary adjustment cost for the reporting year ending December 31, 1991, as the base year. If the base year and the reporting ~~year~~ *years* subject to review include salary cost reclassifications made by the department, the commissioner must reconcile those differences before completing the salary adjustment per diem review.

(b) [SALARY ADJUSTMENT PER DIEM COMPUTATION.] For the rate period beginning January 1, 1992, each facility shall receive a salary adjustment cost per diem equal to its salary adjustment costs multiplied by 1-1/2 percent, and then divided by the facility's resident days.

(c) [ADJUSTMENTS FOR NEW FACILITIES.] For newly constructed or newly established facilities, except for state-operated community services, whose payment rates are governed by Minnesota Rules, part 9553.0075, if the settle-up cost report includes a reporting year which is subject to review under this subdivision, the commissioner shall adjust the rule provision governing the maximum settle-up payment rate by increasing the .4166 percent for each full month of the settle-up cost report to .7083. For any subsequent rate period which is authorized for salary adjustments under this subdivision, the commissioner shall compute salary adjustment cost per diems by annualizing the salary adjustment costs for the settle-up cost report period and treat that period as the base year for purposes of reviewing salary adjustment cost per diems.

(d) [SALARY ADJUSTMENT PER DIEM REVIEW.] The commissioner shall review the implementation of the salary adjustments on a per diem basis. For reporting years ending December 31, 1992, and December 31, 1993, the commissioner must review and determine the amount of change in salary adjustment costs in ~~each~~ *both* of the above reporting years over the base year *after the reporting year ending December 31, 1993*. ~~In the case of each review,~~ The commissioner must inflate the base year's salary adjustment costs by the cumulative percentage increase granted in paragraph (b), plus three percentage points for each of the two years reviewed. The commissioner must then compare each facility's salary adjustment costs for the reporting year divided by the facility's resident days for ~~that~~ *both* reporting ~~year~~ *years* to the base year's inflated salary adjustment cost divided by the facility's resident days for the base year. If the facility has had a one-time program operating cost adjustment settle-up during any of the reporting years subject to review, the commissioner must remove the per diem effect of the one-time program adjustment before completing the review and per diem comparison.

The review and per diem comparison must be done by the commissioner ~~each year following~~ *after* the reporting ~~years subject to review~~ *year ending December 31, 1993*. If the salary adjustment cost per diem for the reporting ~~year~~ *years* being reviewed is less than the base year's inflated salary adjustment cost per diem, the commissioner must recover the difference within 120 days after the date of written notice. The amount of the recovery shall be equal to the per diem difference multiplied by the facility's resident days in the reporting ~~year~~ *years* being reviewed. Written notice of the amount subject to recovery must be given by the commissioner following ~~each~~ *both* reporting ~~year~~ *years* reviewed. Interest charges must be assessed by the commissioner after the 120th day of that notice at the same interest rate the commissioner assesses for other balance outstanding.

Sec. 113. Minnesota Statutes 1992, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

(1) inpatient hospital services;

(2) outpatient hospital services;

(3) services provided by Medicare certified rehabilitation agencies;

(4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

(6) eyeglasses and eye examinations provided by a physician or optometrist;

(7) hearing aids;

(8) prosthetic devices;

(9) laboratory and X-ray services;

(10) physician's services;

(11) medical transportation;

(12) chiropractic services as covered under the medical assistance program;

(13) podiatric services;

(14) dental services;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) case management services for a person with serious and persistent mental illness who would be eligible for medical assistance except that the person resides in an institution for mental diseases;

(19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments; ~~and~~

(20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision*; and*

(21) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171.

(b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent

actuary in establishing prepayment rates, but shall retain final control over the rate methodology.

(d) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986, to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987, to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987, to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988, to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(e) Any county may, from its own resources, provide medical payments for which state payments are not made.

(f) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(g) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(h) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 114. Minnesota Statutes 1992, section 256D.03, subdivision 8, is amended to read:

Subd. 8. [PRIVATE INSURANCE POLICIES.] (a) Private accident and health care coverage for medical services is primary coverage and must be exhausted before general assistance medical care is paid. When a person who is otherwise eligible for general assistance medical care has private accident or health care coverage, including a prepaid health plan, the private health care benefits available to the person must be used first and to the fullest extent. ~~Supplemental payment may be made by general assistance medical care, but the combined total amount paid must not exceed the amount payable under general assistance medical care in the absence of other coverage. General assistance medical care must not make supplemental payment for covered services rendered by a vendor who participates or contracts with any health coverage plan if the plan requires the vendor to accept the plan's payment as payment in full.~~ *General assistance medical care payment will not be made when either covered charges are paid in full by a third party or the provider has an agreement to accept payment for less than charges as payment in full. Payment for patients that are simultaneously covered by general assistance medical care and a liable third party other than Medicare will be determined as the lesser of clauses (1) to (3):*

(1) the patient liability according to the provider/insurer agreement;

(2) covered charges minus the third party payment amount; or

(3) the general assistance medical care rate minus the third party payment amount.

A negative difference will not be implemented.

(b) When a parent or a person with an obligation of support has enrolled in a prepaid health care plan under section 518.171, subdivision 1, the commissioner of human services shall limit the recipient of general assistance medical care to the benefits payable under that prepaid health care plan to the extent that services available under general assistance medical care are also available under the prepaid health care plan.

(c) Upon furnishing general assistance medical care or general assistance to any person having private accident or health care coverage, or having a cause of action arising out of an occurrence that necessitated the payment of assistance, the state agency shall be subrogated, to the extent of the cost of medical care, subsistence, or other payments furnished, to any rights the person may have under the terms of the coverage or under the cause of action.

This right of subrogation includes all portions of the cause of action, notwithstanding any settlement allocation or apportionment that purports to dispose of portions of the cause of action not subject to subrogation.

(d) To recover under this section, the attorney general or the appropriate county attorney, acting upon direction from the attorney general, may institute or join a civil action to enforce the subrogation rights established under this section.

(e) The state agency must be given notice of monetary claims against a person, firm, or corporation that may be liable in damages, or otherwise obligated to pay part or all of the costs related to an injury when the state agency has paid or become liable for the cost of care or payments related to the injury. Notice must be given as follows:

(i) Applicants for general assistance or general assistance medical care shall notify the state or county agency of any possible claims when they submit the application. Recipients of general assistance or general assistance medical care shall notify the state or county agency of any possible claims when those claims arise.

(ii) A person providing medical care services to a recipient of general assistance medical care shall notify the state agency when the person has reason to believe that a third party may be liable for payment of the cost of medical care.

(iii) A person who is party to a claim upon which the state agency may be entitled to subrogation under this section shall notify the state agency of its potential subrogation claim before filing a claim, commencing an action, or negotiating a settlement. *A person who is a party to a claim includes the plaintiff, the defendants, and any other party to the cause of action.*

Notice given to the county agency is not sufficient to meet the requirements of paragraphs (b) and (c).

(f) Upon any judgment, award, or settlement of a cause of action, or any part of it, upon which the state agency has a subrogation right, including compensation for liquidated, unliquidated, or other damages, reasonable costs of collection, including attorney fees, must be deducted first. The full amount of general assistance or general assistance medical care paid to or on behalf of the person as a result of the injury must be deducted next and paid to the state agency. The rest must be paid to the public assistance recipient or other plaintiff. The plaintiff, however, must receive at least one-third of the net recovery after attorney fees and collection costs.

Sec. 115. Minnesota Statutes 1992, section 259.431, subdivision 5, is amended to read:

Subd. 5. [MEDICAL ASSISTANCE; DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services shall:

(a) Issue a medical assistance identification card to any child with special needs *who is title IV-E eligible, or who is not title IV-E eligible but was determined by another state to have a special need for medical or rehabilitative care, and* who is a resident in this state and *is* the subject of an adoption assistance agreement with another state when a certified copy of the adoption assistance agreement obtained from the adoption assistance state has been filed with the commissioner. The adoptive parents shall be required at least annually to show that the agreement is still in force or has been renewed.

(b) Consider the holder of a medical assistance identification card under this subdivision as any other recipient of medical assistance under chapter 256B; process and make payment on claims for the recipient in the same manner as for other recipients of medical assistance.

(c) Provide coverage and benefits for a child *who is title IV-E eligible or who is not title IV-E eligible but was determined to have a special need for medical or rehabilitative care and* who is in another state and who is covered by an adoption assistance agreement made by the commissioner for the coverage or benefits, if any, which is not provided by the resident state. The adoptive parents acting for the child may submit evidence of payment for services or benefit amounts not payable in the resident state and shall be reimbursed. However, there shall be no reimbursement for services or benefit amounts covered under any insurance or other third party medical contract or arrangement held by the child or the adoptive parents.

(d) Publish emergency and permanent rules implementing this subdivision. Such rules shall include procedures to be followed in obtaining prior approvals for services which are required for the assistance.

Sec. 116. Minnesota Statutes 1992, section 393.07, subdivision 3, is amended to read:

Subd. 3. [FEDERAL SOCIAL SECURITY.] The county welfare board shall be charged with the duties of administration of all forms of public assistance and public child welfare or other programs within the purview of the federal Social Security Act, other than public health nursing and home health services, and which now are, or hereafter may be, imposed on the commissioner of human services by law, of both children and adults. The duties of such county welfare board shall be performed in accordance with the standards and rules which may be promulgated by the commissioner of human services in order to achieve the purposes of the law and to comply with the requirements of the federal Social Security Act needed to qualify the state to obtain grants-in-aid available under that act. Notwithstanding the provisions of any other law to the contrary, the welfare board ~~may~~ *shall* delegate to the director the authority to determine eligibility and disburse funds without first securing board action, provided that the director shall present to the board, at the next scheduled meeting, any such action taken for ratification by the board.

Sec. 117. [514.980] [MEDICAL ASSISTANCE LIENS; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 514.980 to 514.985.*

Subd. 2. [MEDICAL ASSISTANCE AGENCY OR AGENCY.] *"Medical assistance agency" or "agency" means the state or any county medical assistance agency that provides a medical assistance benefit.*

Subd. 3. [MEDICAL ASSISTANCE BENEFIT.] *"Medical assistance benefit" means a benefit provided under chapter 256B to a person while in a medical institution. A "medical institution" is defined as a nursing facility, intermediate care facility for persons with mental retardation, or inpatient hospital.*

Sec. 118. [514.981] [MEDICAL ASSISTANCE LIEN.]

Subdivision 1. [PROPERTY SUBJECT TO LIEN; LIEN AMOUNT.] *(a) Subject to sections 514.980 to 514.985, payments made by a medical assistance agency to provide medical assistance benefits to a medical assistance recipient who owns property in this state or to the recipient's spouse constitute a lien in favor of the agency upon all real property that is owned by the medical assistance recipient on or after the time when the recipient is institutionalized.*

(b) The amount of the lien is limited to the same extent as a claim against the estate under section 256B.15, subdivision 2.

Subd. 2. [ATTACHMENT.] *(a) A medical assistance lien attaches and becomes enforceable against specific real property as of the date when the following conditions are met:*

(1) payments have been made by an agency for a medical assistance benefit;

(2) notice and an opportunity for a hearing have been provided under paragraph (b);

(3) a lien notice has been filed as provided in section 514.982;

(4) if the property is registered property, the lien notice has been memorialized on the certificate of title of the property affected by the lien notice; and

(5) all restrictions against enforcement have ceased to apply.

(b) An agency may not file a medical assistance lien notice until the medical assistance recipient and the recipient's spouse or their legal representatives have been sent, by certified or registered mail, written notice of the agency's lien rights and there has been an opportunity for a hearing under section 256.045. In addition, the agency may not file a lien notice unless the agency determines as medically verified by the recipient's attending physician that the medical assistance recipient cannot reasonably be expected to be discharged from a medical institution and return home.

(c) An agency may not file a medical assistance lien notice against real property while it is the home of the recipient's spouse.

(d) An agency may not file a medical assistance lien notice against real property that was the homestead of the medical assistance recipient or the recipient's spouse when the medical assistance recipient received medical institution services if any of the following persons are lawfully residing in the property:

(1) a child of the medical assistance recipient if the child is under age 21 or is blind or permanently and totally disabled according to the supplemental security income criteria;

(2) a child of the medical assistance recipient if the child resided in the homestead for at least two years immediately before the date the medical assistance recipient received medical institution services, and the child provided care to the medical assistance recipient that permitted the recipient to live without medical institution services; or

(3) a sibling of the medical assistance recipient if the sibling has an equity interest in the property and has resided in the property for at least one year immediately before the date the medical assistance recipient began receiving medical institution services.

(e) A medical assistance lien applies only to the specific real property described in the lien notice.

Subd. 3. [CONTINUATION OF LIEN NOTICE AND LIEN.] *A medical assistance lien notice remains effective from the time it is filed until it can be disregarded under sections 514.980 to 514.985. A medical assistance lien that has attached to specific real property continues until the lien is satisfied, becomes unenforceable under subdivision 6, or is released and discharged under subdivision 5.*

Subd. 4. [LIEN PRIORITY.] *A medical assistance lien that attaches to specific real property is subject to the rights of any other person whose interest in the real property is perfected before a lien notice has been filed under section 514.982, including:*

(a) an owner, other than the recipient or recipient's spouse;

(b) a purchaser;

(c) a holder of a mortgage or security interest; or

(d) a judgment lien creditor.

The rights of the other person have the same protections against a medical assistance lien as are afforded against a judgment lien that arises out of an unsecured obligation and that arises as of the time of the filing of the medical assistance lien notice under section 514.982. A medical assistance lien is inferior to a lien for taxes or special assessments or other lien that would be superior to the perfected lien of a judgment creditor.

Subd. 5. [RELEASE.] *(a) An agency that files a medical assistance lien notice shall release and discharge the lien in full if:*

(1) the medical assistance recipient is discharged from the medical institution and returns home;

(2) the medical assistance lien is satisfied;

(3) the agency has received reimbursement for the amount secured by the lien or a legally enforceable agreement has been executed providing for reimbursement of the agency for that amount; or

(4) the medical assistance recipient, if single, or the recipient's surviving spouse, has died, and a claim may not be filed against the estate of the decedent under section 256B.15, subdivision 3.

(b) Upon request, the agency that files a medical assistance lien notice shall release a specific parcel of real property from the lien if:

(1) the property is or was the homestead of the recipient's spouse during the time of the medical assistance recipient's institutionalization, or the property is or was attributed to the spouse under section 256B.059, subdivision 3 or 4, and the spouse is not receiving medical assistance benefits;

(2) the property would be exempt from a claim against the estate under section 256B.15, subdivision 4;

(3) the agency receives reimbursement, or other collateral sufficient to secure payment of reimbursement, in an amount equal to the lesser of the amount secured by the lien, or the amount the agency would be allowed to recover upon enforcement of the lien against the specific parcel of property if the agency attempted to enforce the lien on the date of the request to release the lien; or

(4) the medical assistance lien cannot lawfully be enforced against the property because of an error, omission, or other material defect in procedure, description, identity, timing, or other prerequisite to enforcement.

(c) The agency that files a medical assistance lien notice may release the lien if the attachment or enforcement of the lien is determined by the agency to be contrary to the public interest.

(d) The agency that files a medical assistance lien notice shall execute the release of the lien and file the release as provided in section 514.982, subdivision 2.

Subd. 6. [TIME LIMITS; CLAIM LIMITS.] *(a) A medical assistance lien is not enforceable against specific real property if any of the following occurs:*

(1) the lien is not satisfied or proceedings are not lawfully commenced to foreclose the lien within 18 months of the agency's receipt of notice of the death of the medical assistance recipient or the death of the surviving spouse, whichever occurs later; or

(2) the lien is not satisfied or proceedings are not lawfully commenced to foreclose the lien within three years of the death of the medical assistance recipient or the death of the surviving spouse, whichever occurs later. This limitation is tolled during any period when the provisions of section 514.983, subdivision 2, apply to delay enforcement of the lien.

(b) A medical assistance lien is not enforceable against the real property of an estate to the extent there is a determination by a court of competent jurisdiction, or by an officer of the court designated for that purpose, that there are insufficient assets in the estate to satisfy the agency's medical assistance lien in whole or in part in accordance with the priority of claims established by chapters 256B and 524. The agency's lien remains enforceable to the extent that assets are available to satisfy the agency's lien, subject to the priority of other claims, and to the extent that the agency's claim is allowed against the estate under chapters 256B and 524.

Sec. 119. [514.982] [MEDICAL ASSISTANCE LIEN NOTICE.]

Subdivision 1. [CONTENTS.] *A medical assistance lien notice must be dated and must contain:*

(1) the full name, last known address, and social security number of the medical assistance recipient and the full name, address, and social security number of the recipient's spouse;

(2) a statement that medical assistance payments have been made to or for the benefit of the medical assistance recipient named in the notice, specifying the first date of eligibility for benefits;

(3) a statement that all interests in real property owned by the persons named in the notice may be subject to or affected by the rights of the agency to be reimbursed for medical assistance benefits; and

(4) the legal description of the real property upon which the lien attaches, and whether the property is registered property.

Subd. 2. [FILING.] *Any notice, release, or other document required to be filed under sections 514.980 to 514.985 must be filed in the office of the county recorder or registrar of titles, as appropriate, in the county where the real property is located. Notwithstanding section 386.77, the agency shall pay the applicable filing fee for any document filed under sections 514.980 to 514.985. The commissioner of human services shall reimburse the county agency for filing fees paid under this section. An attestation, certification, or acknowledgment is not required as a condition of filing. Upon filing of a medical assistance lien notice, the registrar of titles shall record it on the certificate of title of each parcel of property described in the lien notice. The county recorder of each county shall establish an index of medical assistance lien notices, other than those that affect only registered property, showing the names of all persons named in the medical assistance lien notices filed in the county, arranged alphabetically. The index must be combined with the index of state tax lien notices. The filing or mailing of any notice, release, or other document under sections 514.980 to 514.985 is the responsibility of the agency. The agency shall send a copy of the medical assistance lien notice by registered or certified mail to each record owner and mortgagee of the real property.*

Sec. 120. [514.983] [LIEN ENFORCEMENT; LIMITATION.]

Subdivision 1. [FORECLOSURE PROCEDURE.] *Subject to subdivision 2, a medical assistance lien may be enforced by the agency that filed it by foreclosure in the manner provided for foreclosure of a judgment lien under chapter 550.*

Subd. 2. [HOMESTEAD PROPERTY.] *(a) A medical assistance lien may not be enforced against homestead property of the medical assistance recipient or the spouse while it remains the lawful residence of the medical assistance recipient's spouse.*

(b) A medical assistance lien remains enforceable as provided in sections 514.980 to 514.985, notwithstanding any law limiting the enforceability of a judgment.

Sec. 121. [514.984] [LIEN DOES NOT AFFECT OTHER REMEDIES.]

Sections 514.980 to 514.985 do not limit the right of an agency to file a claim against the estate of a medical assistance recipient or the estate of the spouse or limit any other claim for reimbursement of agency expenses or the availability of any other remedy provided to the agency.

Sec. 122. [514.985] [AMOUNTS RECEIVED TO SATISFY LIEN.]

Amounts received by the state to satisfy a medical assistance lien filed by the state must be deposited in the state treasury and credited to the fund from which the medical assistance payments were made. Amounts received by a

county medical assistance agency to satisfy a medical assistance lien filed by the county medical assistance agency must be deposited in the county treasury and credited to the fund from which the medical assistance payments were made.

Sec. 123. Laws 1992, chapter 513, article 7, section 131, is amended to read:

Sec. 131. [PHYSICIAN AND DENTAL REIMBURSEMENT.]

(a) The physician reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 2, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Health Care Finance Administration's common procedural coding system (HCPCS) codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," caesarean delivery and pharmacologic management provided to psychiatric patients, and HCPCS level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in Minnesota Statutes, section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases *except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.*

(b) The dental reimbursement increase provided in Minnesota Statutes, section 256B.74, subdivision 5, shall not be implemented. Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(c) An entity that operates both a Medicare certified comprehensive outpatient rehabilitation facility and a facility which was certified prior to January 1, 1993, that is licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year are medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation services at rates that are 38 percent greater than the maximum reimbursement rate allowed under paragraph (a), clause (2), when those services are (1) provided within the comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing facilities owned by the entity.

Sec. 124. Laws 1993, chapter 20, is amended by adding a section to read:

Sec. 7. [HOSPITAL REIMBURSEMENT FOR INPATIENT SERVICES.]

The commissioner may consider indigent care payments as disproportionate population adjustments for eligible hospitals, if so permitted by the secretary of health and human services.

Sec. 125. [REPORT ON LONG-TERM CARE INSURANCE.]

The interagency long-term care planning committee must report to the legislature by January 15, 1994, on the feasibility of implementing a long-term care insurance program. The report shall evaluate the potential impact on the medical assistance budget of allowing persons with at least two years of long-term care insurance coverage to waive the asset test for medical assistance eligibility, or of other incentives to encourage the purchase of long term care insurance. The report shall also evaluate the availability of private long-term care insurance, and the feasibility of state-sponsored long-term care insurance if inadequate private long-term care insurance exists.

Sec. 126. [REPORT ON HOSPITAL PEER GROUPING.]

The commissioner of human services shall report to the legislature by November 15, 1993, on the peer grouping plan developed under Minnesota Statutes, section 256.969, subdivision 24. The report shall describe the peer grouping plan in detail, including the variables used to create the groups and the treatment of operating cost differences that are not common to all hospitals. The report must also indicate how the peer grouping plan will affect each individual hospital. The commissioner shall form a task force of representatives from the department of human services and from the hospital industry to provide technical assistance in the development of the peer grouping plan.

Sec. 127. [PHYSICIAN SURCHARGE STUDY.]

The commissioner of human services, in cooperation with the commissioner of revenue, shall study and recommend to the legislature by January 15, 1994, a plan to replace the physician license surcharge with a surcharge on the tax levied on physicians under Minnesota Statutes, section 295.52. The plan must be designed to take effect July 1, 1994, and to raise an amount of revenue equal to the amount anticipated from the current surcharge.

Sec. 128. [STUDY OF BED REDISTRIBUTION.]

The interagency long-term care planning committee shall present to the legislature, by January 15, 1994, recommendations for redistributing existing nursing home beds and certified boarding care home beds to meet demographic need. The recommendations must include, but are not limited to, comment on the concepts of bed layaway and bed transfer. The interagency long-term care planning committee shall convene a task force comprised of providers, consumers, and state agency staff to develop these recommendations.

Sec. 129. [LEGISLATIVE INTENT.]

Sections 6 and 15, paragraph (b); and the amendment to paragraph (a), clause (3), in section 123, are intended to clarify, rather than to change, the original intent of the statutes amended.

Sec. 130. [WAIVER REQUEST TO LIMIT ASSET TRANSFERS.]

The commissioner of human services shall seek federal law changes and federal waivers necessary to implement the amendments to Minnesota Statutes, section 256B.0595.

Sec. 131. [NURSING HOME SURCHARGE DISCLOSURE.]

A nursing home licensed under Minnesota Statutes, chapter 144A, and not certified to participate in the medical assistance program shall include the following in 10-point type in any rate notice issued after the effective date of this section: THE NURSING HOME SURCHARGE THAT APPLIES TO THIS FACILITY EFFECTIVE OCTOBER 1, 1992, THROUGH JUNE 30, 1993, IS $535 PER BED PER YEAR, OR $1.47 PER DAY. THE SURCHARGE IS INCREASED EFFECTIVE JULY 1, 1993, TO $620 PER BED PER YEAR, OR A TOTAL OF $1.70 PER DAY AND EFFECTIVE JULY 1, 1994, TO $625 PER BED PER YEAR, OR A TOTAL OF $1.72 PER DAY. ANY RATE IN EXCESS OF THESE AMOUNTS IS NOT DUE TO THE NURSING HOME SURCHARGE.

Sec. 132. [REPORT TO THE LEGISLATURE.]

The commissioner of human services, in coordination with the commissioner of finance, shall study and report to the legislature by January 15, 1994, on the following: (1) recommendations on how to phase out provider surcharge collections, and (2) an evaluation of compliance by the commissioner of finance with the paragraph in Laws 1992, chapter 513, article 5, section 2, subdivision 1, which required the commissioner of finance to (i) prepare a biennial budget for fiscal years 1994-95 that did not include provider surcharge revenues in excess of the estimated costs associated with the MinnesotaCare program, and (ii) prepare a plan to phase out the non-MinnesotaCare surcharges by June 30, 1995.

Sec. 133. [ALTERNATIVE CARE PROGRAM PILOT PROJECTS.]

Subdivision 1. [PROJECT PURPOSE.] *(a) By September 1, 1993, the commissioner of human services shall select up to six pilot projects for the alternative care program. The purpose of the pilot projects is to simplify program administration and reduce documentation, increase service flexibility, and more clearly identify program outcomes. The pilot projects must begin January 1, 1994, and expire June 30, 1995.*

(b) Projects must be selected based on their ability to improve client outcomes, broaden service choices, and reduce average per client costs and administrative costs. If sufficient satisfactory applications are received, the commissioner shall approve three projects in the seven-county metropolitan area and three projects outside the metropolitan area. If sufficient satisfactory applications are not received, more than three projects may be approved in either the metropolitan or nonmetropolitan areas. Up to two projects may include SAIL counties.

Subd. 2. [TERMS.] *A county or counties may apply to participate in the pilot project by submitting to the commissioner an amendment to the biennial plan that identifies measurable outcomes to be achieved under the pilot project. Participating counties shall determine the types of services to be reimbursed with alternative care program grant funds and any individual client reimbursement limits. Participating counties shall determine the payment rates for all services under the pilot project. Participating counties will maintain their average monthly alternative care expenditures per client at*

their calendar 1993 averages adjusted for any overall increase in the case mix complexity of their caseload. A county may spend up to five percent of grant funds for needed client services that are not listed under Minnesota Statutes, section 256B.0913, subdivision 5. The average expenditure per client in a pilot project must not exceed 75 percent of the statewide individual average nursing home costs.

Subd. 3. [DOCUMENTATION.] *Beginning January 1, 1994, a county or counties participating in a pilot project shall not submit invoices for processing through the medical assistance management information system (MMIS) or other individual client service and reimbursement data for services delivered after December 31, 1993. A pilot project county must provide to the commissioner the minimum client-specific characteristics required to make nursing facility occupancy and alternative care program cost forecasts and the minimum client-specific data necessary for long-term care planning and alternative care pilot project evaluation. The client-specific characteristics must be submitted to the commissioner quarterly. The commissioner shall minimize the reporting required from counties.*

Subd. 4. [FUNDING.] *On March 1, 1994, and monthly thereafter until June 30, 1994, the commissioner shall issue to counties participating in the pilot projects an amount of money equal to one-sixth of each county's unexpended allocation of base and targeted alternative care appropriations under Minnesota Statutes, section 256B.0913, subdivisions 10 and 11. On July 1, 1994, and monthly thereafter, the commissioner shall issue an amount of money equal to one-twelfth of the fiscal year 1994 allocation. Additional targeted funds may be allocated based on the criteria established in Minnesota Statutes, section 256B.0913, to the extent that money is available. Targeted funds will be equally distributed over the remaining months of the fiscal year. Counties participating in the pilot projects must submit to the commissioner quarterly expenditure reports and reconcile the actual expenditure on September 1, 1995.*

Subd. 5. [REPORT.] *The commissioner must evaluate the pilot projects and report findings to the legislature by February 1, 1995. The report must evaluate client outcomes and service utilization, total spending and average per client costs, administrative cost reductions, changes in the types of services provided, and any border problems with contiguous nonpilot counties.*

Sec. 134. [REPEALER.]

Minnesota Statutes 1992, section 252.478 is repealed.

Sec. 135. [EFFECTIVE DATES.]

Subdivision 1. Sections 7, 28, and 45 are effective the day following final enactment. Sections 12 and 131 are effective the day following final enactment.

Subd. 2. Section 127 is effective the day following final enactment.

Subd. 3. Section 126 is effective the day following final enactment.

Subd. 4. Section 35 is effective for transfers made for less than fair market value on or after July 1, 1993, or after the effective date of any applicable federal waivers, whichever is later, except that those portions of section 35

that may be implemented without federal waivers are effective for transfers made for less than fair market value on or after July 1, 1993.

Subd. 5. Section 32 is effective retroactive to October 1, 1992.

Subd. 6. Section 61, paragraph (c), is effective upon the receipt by the commissioner of human services of the requested waiver from the secretary of human services, for persons screened for admission to a nursing facility on or after the date the waiver is received.

Subd. 7. Sections 6 and 129 are effective the day following final enactment and apply to cases pending or brought on or after their effective date.

Subd. 8. Section 42 is effective retroactive to July 1, 1992.

Subd. 9. The definition of total premium revenue in section 15, paragraph (b), applies to all health maintenance organization surcharges effective October 1, 1992.

ARTICLE 6

FAMILY SELF-SUFFICIENCY AND CHILD SUPPORT ENFORCEMENT

Section 1. Minnesota Statutes 1992, section 144.215, subdivision 3, is amended to read:

Subd. 3. [FATHER'S NAME; CHILD'S NAME.] In any case in which paternity of a child is determined by a court of competent jurisdiction, ~~or upon compliance with the provisions of~~ *a declaration of parentage is executed under* section ~~257.55, subdivision 1, clause (e)~~ *257.34, or a recognition of parentage is executed under section 257.75*, the name of the father shall be entered on the birth certificate. If the order of the court declares the name of the child, it shall also be entered on the birth certificate. If the order of the court does not declare the name of the child, or there is no court order, then upon the request of both parents in writing, the surname of the child shall be that of the father.

Sec. 2. Minnesota Statutes 1992, section 144.215, is amended by adding a subdivision to read:

Subd. 4. [SOCIAL SECURITY NUMBER REGISTRATION.] *(a) Parents of a child born within this state shall give their social security numbers to the office of vital statistics at the time of filing the birth certificate, but the numbers shall not appear on the certificate.*

(b) The social security numbers are classified as private data, as defined in section 13.02, subdivision 12, on individuals, but the office of vital statistics shall provide the social security number to the public authority responsible for child support services upon request by the public authority for use in the establishment of parentage and the enforcement of child support obligations.

Sec. 3. Minnesota Statutes 1992, section 256.032, subdivision 11, is amended to read:

Subd. 11. [SIGNIFICANT CHANGE.] "Significant change" means a ~~change in income available to the family so that the sum of the income and the grant for the current month would be less than the transitional standard as~~

~~defined in subdivision 13~~ *decline in gross income of 38 percent or more from the income used to determine the grant for the current month.*

Sec. 4. Minnesota Statutes 1992, 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 *consecutive* months ~~and~~. The assistance unit ~~shall execute~~ *must sign* an agreement to dispose of the property *and* to repay assistance received during the nine months ~~up to~~ *that would not have been paid had the property been sold at the beginning of such period, but not to exceed* the amount of the net sale proceeds. The ~~payment must be made when the property is sold~~ *family has five working days from the date it realizes cash from the sale of the property to repay the overpayment.* 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~~ *during the nine-month period, the amount payable under the agreement will not be determined and recovery will not begin until the property is in fact sold. If the property is intentionally sold at less than fair market value or if a good faith effort to sell the property is not being made, the overpayment amount shall be computed using the fair market value determined at the beginning of the nine-month period.* For the purposes of this section, "homestead" means the home 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. 5. Minnesota Statutes 1992, 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 *calendar* year and the earnings of a dependent child ~~who is a full-time student~~ that are derived from the jobs training and partnership act *(JTPA)* may be disregarded for six ~~calendar~~ months per *calendar* year. *These two earnings disregards cannot be combined to allow more than a total of six months per calendar year when the earned income of a full-time student is derived from participation in a program under the JTPA.* 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 accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 6. Minnesota Statutes 1992, section 256.73, subdivision 5, is amended to read:

Subd. 5. [AID FOR ~~UNBORN CHILDREN~~ *PREGNANT WOMEN.*] (a) For the purposes of sections 256.72 to 256.87, assistance payments shall be made ~~during the final three months of pregnancy~~ to a *pregnant* woman ~~who has~~ *with* no other children ~~but who otherwise qualifies for assistance except for medical assistance payments which shall be made at the time that pregnancy is confirmed by a physician if the pregnant woman has no other children and otherwise qualifies for assistance as provided in sections 256B.055 and 256B.056~~ *who are receiving assistance. It must be medically verified that the unborn child is expected to be born in the month the payment is made or within the three-month period following the month of payment. Eligibility must be determined as if the unborn child had been born and was living with her, considering the needs, income, and resources of all individuals in the filing unit. If eligibility exists for this fictional unit, the pregnant woman is eligible and her payment amount is determined based solely on her needs, income, including deemed income, and resources.* No payments shall be made for the needs of the unborn or for any special needs occasioned by the pregnancy except as provided in ~~clause~~ *paragraph* (b). The commissioner of human services shall promulgate, pursuant to the administrative procedures act, rules to implement this subdivision.

(b) The commissioner may, according to rules, make payments for the purpose of meeting special needs occasioned by or resulting from pregnancy both for a pregnant woman with no other children *receiving assistance* as well as for a pregnant woman receiving assistance as provided in sections 256.72 to 256.87. The special needs payments shall be dependent upon the needs of the pregnant woman and the resources allocated to the county by the commissioner and shall be limited to payments for medically recognized special or supplemental diet needs and the purchase of a crib and necessary clothing for the future needs of the unborn child at birth. ~~The commissioner shall, according to rules, make payments for medically necessary prenatal care of the pregnant woman and the unborn child.~~

Sec. 7. Minnesota Statutes 1992, section 256.73, subdivision 8, is amended to read:

Subd. 8. [RECOVERY OF OVERPAYMENTS.] (a) If an amount of aid to families with dependent children assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the county agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

(b) When an overpayment occurs, the county agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. ~~For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's total income after deducting work expenses as allowed under section 256.74, subdivision 1, clauses (3) and (4), equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting allowable work expenses must equal at least 99 percent of the standard of need. Notwithstanding the preceding sentence, beginning on the date on which the commissioner implements a computerized client eligibility and information system in one or more counties,~~ All county agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. *If the overpayment is due solely to having wrongfully obtained assistance, whether based on a court order, the finding of an administrative fraud disqualification hearing or a waiver of such a hearing, or a confession of judgment containing an admission of an intentional program violation, the amount of this reduction shall be ten percent.* In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(c) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.

(d) The county agency shall make reasonable efforts to recover overpayments to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The county agency need not attempt to recover overpayments of less than $35 paid to an individual no longer on assistance if the individual does not receive assistance again within

three years, unless the individual has been convicted of fraud under section 256.98.

Sec. 8. [256.734] [WAIVER OF AFDC BARRIERS TO EMPLOYMENT.]

Subdivision 1. [REQUEST.] *(a) The commissioner of human services shall seek from the United States Department of Health and Human Services a waiver of the existing requirements of the AFDC program as described below, in order to eliminate barriers to employment for AFDC recipients.*

(b) The commissioner shall seek a waiver to set the maximum equity value of a licensed motor vehicle which can be excluded as a resource under United States Code, title 42, section 602(a)(7)(B), at $4,500 because of the need of AFDC recipients for reliable transportation to participate in education, work, and training to become economically self-sufficient.

(c) The commissioner shall seek a waiver of the counting of the earned income of dependent children and minor caretakers who are attending school at least half time, in order to encourage them to save at least part of their earnings for future education or employment needs. Savings set aside in a separate account under this paragraph shall be excluded from the AFDC resource limits in Code of Federal Regulations, title 45, section 233.20(a)(3).

Subd. 2. [IMPLEMENTATION.] *If approval from the Department of Health and Human Services indicates that the requested program changes are cost neutral to the federal government and the state, the commissioner shall implement the program changes authorized by this section promptly. If approval indicates that the program changes are not cost neutral, the commissioner shall report the costs to the 1994 legislature and delay implementation until such time as an appropriation to cover additional costs becomes available.*

Subd. 3. [EVALUATION.] *If the federal waiver is granted, the commissioner shall evaluate the program changes according to federal waiver requirements and submit a report to the legislature within a time frame consistent with the evaluation criteria that are established.*

Sec. 9. Minnesota Statutes 1992, 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 mandatory and eligible volunteer caretakers ~~required to register~~ *permitted to participate* under subdivision ~~3~~ *3a* 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 targeted groups~~ *the target group of which the referred caretaker is a member*;

(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 ~~targeted~~ *target* 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 ~~nontargeted~~ *nontarget* 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 available funds to caretakers who participate in employment and training programs;

(11) ensure that orientation, job search, services to custodial parents under the age of 20, *educational activities and work experience for AFDC-UP families,* 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 ~~targeted~~ *target* 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:~~, *a* community work experience program ~~(CWEP)~~ as defined in section 256.737, grant diversion as defined in section 256.739, *and* on-the-job training as defined in section 256.738~~, or~~. *A county may also provide* 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~~ *A county is not required to provide a community work experience program if the county agency is successful in placing at least 40 percent of the monthly average of all caretakers who are subject to the job search requirements of subdivision 14 in grant diversion or on-the-job training program*;

(14) prior to participation, provide an assessment of each AFDC recipient who is required or volunteers to participate in an approved employment and training service. 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, *including the worksite to which the caretaker will be assigned, if the caretaker is subject to the requirements of section 256.737, subdivision 2*; (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) *obtain the written or oral concurrence of the appropriate exclusive bargaining representatives with respect to job duties covered under collective bargaining agreements to* assure that no work assignment under this section or sections 256.737, 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, 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.*; and*

(17) assess each caretaker in an AFDC-UP family who is under age 25, has not completed high school or a high school equivalency program, and who would otherwise be required to participate in a work experience placement under section 256.737 to determine if an appropriate secondary education option is available for the caretaker. If an appropriate secondary education option is determined to be available for the caretaker, the caretaker must, in lieu of participating in work experience, enroll in and meet the educational program's participation and attendance requirements. "Secondary education" for this paragraph means high school education or education designed to prepare a person to qualify for a high school equivalency certificate, basic and remedial education, and English as a second language education. A caretaker required to participate in secondary education who, without good cause, fails to participate shall be subject to the provisions of subdivision 4a and the sanction provisions of subdivision 4, clause (6). For purposes of this clause, "good cause" means the inability to obtain licensed or legal nonlicensed child care services needed to enable the caretaker to attend, inability to obtain transportation needed to attend, illness or incapacity of the caretaker or another member of the household which requires the caretaker to be present in the home, or being employed for more than 30 hours per week.

(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 ~~targeted~~ *target* caretaker relocates to another county to implement the provisions of the caretaker's case management contract or other written employability development plan ap-

proved by the county human service agency, its case manager or employment and training service provider, the county that approved the plan is responsible for the costs of case management 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 ~~nontargeted~~ *nontarget* caretaker relocates to another county or when a ~~targeted~~ *target* caretaker again becomes eligible for AFDC after having been ineligible for at least 30 days.

Sec. 10. Minnesota Statutes 1992, 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~~ *in the time limits described in this paragraph*:

(1) ~~caretakers who are exempt from registration under subdivision 3~~ *within 60 days of being determined eligible for AFDC for caretakers with a continued absence or incapacitated parent basis of eligibility*; ~~and~~ *or*

(2) ~~caretakers who are not~~ *within 30 days of being determined eligible for AFDC for caretakers with an unemployed parent basis of eligibility.*

(b) Caretakers are required to attend an in-person orientation if the caretaker is 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~~ *unless the caretaker is exempt from registration under subdivision 3 and the caretaker's exemption basis will not expire within 60 days of being determined eligible for AFDC, or the caretaker is enrolled at least half time in any recognized school, training program, or institution of higher learning and the in-person orientation cannot be scheduled at a time that does not interfere with the caretaker's school or training schedule*. The county agency shall require attendance at orientation of caretakers described in subdivision 3a, paragraph (b) *or (c)*, if ~~they become~~ *the commissioner determines that the groups are* eligible for participation in employment and training services.

~~(b) Except as provided in paragraph (c),~~ *(c)* 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 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;

(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*; and*

(12) the availability and benefits of the Head Start program.

~~(c)~~ *(d)* 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)~~ *(e)* County agencies shall not require caretakers to attend orientation for more than three hours during any period of 12 continuous months. The county 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.~~ *The county or, under contract, the county's employment and training service provider shall mail written orientation materials containing the information specified in paragraph (c), clauses (1) to (3) and (8) to (12), to each caretaker exempt from attending an in-person orientation or who has good cause for failure to attend after at least two dates for their orientation have been scheduled. The county or the county's employment and training service provider shall follow up with a phone call or in writing within two weeks after mailing the material.*

(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.

(g) Good cause for failure to attend an in-person orientation exists when a caretaker cannot attend because of:

(1) temporary illness or injury of the caretaker or of a member of the caretaker's family that prevents the caretaker from attending an orientation during the hours when the orientation is offered;

(2) a judicial proceeding that requires the caretaker's presence in court during the hours when orientation is scheduled; or

(3) a nonmedical emergency that prevents the caretaker from attending an orientation during the hours when orientation is offered. "Emergency" for the purposes of this paragraph means a sudden, unexpected occurrence or situation of a serious or urgent nature that requires immediate action.

(h) Caretakers must receive a second orientation only when:

(1) there has been a 30-day break in AFDC eligibility; and

(2) the caretaker has not attended an orientation within the previous 12-month period, excluding the month of reapplication for AFDC.

Sec. 11. Minnesota Statutes 1992, section 256.736, subdivision 14, is amended to read:

Subd. 14. [JOB SEARCH.] (a) ~~The commissioner of human services shall~~ *Each county agency must* establish *and operate* a job search program *as provided* under ~~Public Law Number 100-485~~ *this section*. Unless exempt, the principal wage earner in an AFDC-UP assistance unit must be referred to *and 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~~. *If the principal wage earner is exempt from participation in job search, the other caretaker must be referred to and begin participation in the job search program within 30 days of being determined eligible for AFDC.* The principal wage earner *or the other caretaker* 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~~ *(2) the caretaker is under age 25, has not completed a high school diploma or an equivalent program, and is participating in a secondary education program as defined in subdivision 10, paragraph (a),*

clause (17), which is approved by the employment and training service provider in the employability development plan.

(b) The job search program must provide ~~the following services:~~

~~(1) an initial period of up to~~ four *consecutive* weeks of job search activities for *no less than 20 hours per week but* 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~~ *agency* if the caretaker fails to cooperate with the 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 job search program may provide services to non-AFDC-UP caretakers.

(d) After completion of job search requirements in this section, nonexempt caretakers shall be placed in and must participate in and cooperate with the work experience program under section 256.737, the on-the-job training program under section 256.738, or the grant diversion program under section 256.739. Caretakers must be offered placement in a grant diversion or on-the-job training program, if either such employment is available, before being required to participate in a community work experience program under section 256.737.

Sec. 12. Minnesota Statutes 1992, 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 specified in paragraphs (b) to ~~(i)~~ *(j)*.

(b) For purposes of this ~~section~~ *subdivision*, "targeted 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 number of cases receiving AFDC in the county 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 number of cases receiving AFDC in the county 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.

(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 year.

(4) Fifteen percent of the state money must be allocated at the discretion of the commissioner based on participation levels for ~~targeted~~ *target* group members in each county.

(d) No more than 15 percent of the money allocated under paragraph (b) and no more than 15 percent of the money allocated under paragraph (c) may be used for administrative activities.

(e) At least 55 percent of the money allocated to counties under paragraph (c) must be used for employment and training services for caretakers in the ~~targeted~~ *target* groups, and up to 45 percent of the money may be used for employment and training services for ~~nontargeted~~ *nontarget* 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 ~~targeted~~ *target* groups.

(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.

(g) Counties ~~and~~, the department of jobs and training, *and entities under contract with either the department of jobs and training or the department of human services for provision of Project STRIDE related services* 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.

(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~~ *third* 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.

(j) One hundred percent of the money appropriated for an unemployed parent work experience program under section 256.737 must be allocated to counties based on the average monthly number of assistance units in the county receiving AFDC-UP for the period ending December 31 of the previous year.

Sec. 13. Minnesota Statutes 1992, section 256.736, is amended by adding a subdivision to read:

Subd. 19. [EVALUATION.] *In order to evaluate the services provided under this section, the commissioner may randomly assign no more than 2,500 families to a control group. Families assigned to the control group shall not participate in services under this section, except that families participating in services under this section at the time they are assigned to the control group may continue such participation. Recipients assigned to the control group who are included under subdivision 3a, paragraph (a), shall be guaranteed child care assistance under chapter 256H for an educational plan authorized by the county. Once assigned to the control group, a family must remain in that group for the duration of the evaluation period. The evaluation period shall coincide with the demonstration authorized in section 256.031, subdivision 3.*

Sec. 14. [256.7366] [FEDERAL WAIVER.]

The commissioner of human services shall make changes in the state plan and seek waivers or demonstration authority needed to minimize the barriers to effective and efficient use of grant diversion under section 256.739 as a method of placing AFDC recipients in suitable employment. The commissioner shall implement the federally approved changes as soon as possible.

Sec. 15. Minnesota Statutes 1992, 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.~~ *To the degree required by federal law or regulation, each county agency must establish and operate a community work experience program to assist nonexempt caretakers in AFDC-UP households achieve self-sufficiency by enhancing their employability through participation in meaningful work experience and training, the development of job search skills and the development of marketable job skills. This subdivi-*

sion does not apply to AFDC recipients participating in the Minnesota family investment plan under sections 256.031 to 256.0361.

Sec. 16. Minnesota Statutes 1992, 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, 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 *bargaining unit* position established as of January 1, ~~1989~~ *1993*. The exclusive bargaining representative shall be notified no less than 14 days in advance of any placement by the community work experience program. *Written or oral* concurrence with respect to job duties of persons placed under the community work experience program shall be obtained from the appropriate exclusive bargaining representative *within seven days*. The appropriate oversight committee shall be given monthly lists of all job placements under a community work experience program.

Sec. 17. Minnesota Statutes 1992, section 256.737, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REQUIREMENTS.] (a) ~~Programs~~ *Worksites developed* 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, *community service, services to aged or disabled citizens,* 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) *for* 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~~ *for placement in suitable employment through participation in on-the-job training under section 256.738 or grant diversion under section 256.739, if such employment is available.*

(c) A ~~recipient who has completed a~~ *caretaker referred to* job search under section 256.736, subdivision 14, *and* who ~~is unable~~ *has failed* to secure suitable employment~~, and who is not enrolled in an approved training program may~~ *must* participate in a community work experience program.

(d) The county agency shall limit the maximum number of hours any participant under this section may work in any month to:

(1) for counties operating an approved mandatory community work experience program as of January 1, 1993, who elect this method for countywide operations, 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*; or*

(2) for all other counties, a caretaker must participate in any week 20 hours with no less than 16 hours spent participating in a work experience placement and no more than four of the hours spent in alternate activities as described in the caretaker's employability development plan. Placement in a work experience worksite must be based on the assessment required under section 256.736 and the caretaker's employability development plan. Caretakers participating under this clause may be allowed excused absences from the assigned job site of up to eight hours per month. For the purposes of this clause, "excused absence" means absence due to temporary illness or injury of the caretaker or a member of the caretaker's family, the unavailability of licensed child care or transportation needed to participate in the work experience placement, a job interview, or a nonmedical emergency. For purposes of this clause, "emergency" has the meaning given it in section 256.736, subdivision 10a, paragraph (g).

(e) After a participant has been assigned to a position under ~~this section~~ *paragraph (d), clause (1),* for nine months, the participant may not continue in that assignment unless the maximum number of hours a participant 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) Structured, supervised volunteer work with an agency or organization which is monitored by the county service provider may, with the approval of the commissioner of jobs and training, be used as a work experience placement.

Sec. 18. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 3. [EXEMPTIONS.] *A caretaker is exempt from participation in a work experience placement under this section if the caretaker is exempt from participation in job search under section 256.736, subdivision 14, or the caretaker is suitably employed in a grant diversion or an on-the-job training placement. Caretakers who, as of October 1, 1993, are participating in an education or training activity approved under a Project STRIDE employability development plan are exempt from participation in a work experience placement until July 1, 1994.*

Sec. 19. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 4. [GOOD CAUSE.] *A caretaker shall have good cause for failure to cooperate if:*

(1) the worksite participation adversely affects the caretaker's physical or mental health as verified by a physician, licensed or certified psychologist, physical therapist, vocational expert, or by other sound medical evidence; or

(2) the caretaker does not possess the skill or knowledge required for the work.

Sec. 20. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 5. [FAILURE TO COMPLY.] *A caretaker required to participate under this section who has failed without good cause to participate shall be provided with notices, appeal opportunities, and offered a conciliation conference under the provisions of section 256.736, subdivision 4a, and shall be subject to the sanction provisions of section 256.736, subdivision 4, clause (6).*

Sec. 21. Minnesota Statutes 1992, section 256.737, is amended by adding a subdivision to read:

Subd. 6. [FEDERAL REQUIREMENTS.] *If the Family Support Act of 1988, Public Law Number 100-485, is revised or if federal implementation of that law is revised so that Minnesota is no longer obligated to operate a mandatory work experience program for AFDC-UP families, the commissioner shall operate the work experience program under this section as a volunteer program, and shall utilize the funding authorized for work experience to improve and expand the availability of other employment and training services authorized under this section.*

Sec. 22. Minnesota Statutes 1992, 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~~ *AFDC family* 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~~ *When the family's* income, after application of the applicable disregards, ~~by~~ *exceeds* the ~~standard of~~ need *standard* for the ~~assistance unit~~ *family because of receipt of earned or unearned lump sum income, the family will be ineligible for the full number of months derived by dividing the sum of the lump sum income and other income by the monthly need standard for a family of that size.* ~~An amount~~ *Any income* remaining ~~after~~ *from* this calculation is income in the first month *following the period* of ~~eligibility~~ *ineligibility*. ~~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. *For purposes of applying the lump sum provision, family includes those persons defined in the Code of Federal Regulations, title 45, section*

233.20(a)(3)(ii)(F). A period of ineligibility must be shortened when the standard of need increases and the amount the family would have received also changes, an amount is documented as stolen, an amount is unavailable because a member of the family left the household with that amount and has not returned, an amount is paid by the family during the period of ineligibility to cover a cost that would otherwise qualify for emergency assistance, or the family incurs and pays for medical expenses which would have been covered by medical assistance if eligibility existed. In making its determination the county agency shall disregard the following from family income: /

(1) *all the earned income of each dependent child applying for AFDC if the child is a full-time student and* all of the earned income of each dependent child receiving ~~aid to families with dependent children~~ *AFDC* who is a full-time student or *is a* part-time student~~, and~~ *who is* not a full-time employee~~,~~. *A student is one who is* attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment ~~as well as~~ *and includes a participant in the Job Corps program under the Job Training Partnership Act (JTPA). The county agency shall also disregard* all ~~the earned~~ income ~~derived from the job training and partnership act (JTPA) for a~~ *of each* dependent child ~~for~~ *applying for or receiving AFDC when the income is derived from a program carried out under JTPA, except that disregard of earned income may not exceed* six ~~calendar~~ months per *calendar* 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.

All payments made pursuant to a court order for the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order.

Sec. 23. Minnesota Statutes 1992, section 256.78, is amended to read:

256.78 [ASSISTANCE GRANTS RECONSIDERED.]

All assistance granted under sections 256.72 to 256.87 shall be reconsidered as frequently as may be required by the rules of the state agency. After such further investigation as the county agency may deem necessary or the

state agency may require, the amount of assistance may be changed or assistance may be entirely withdrawn if the state or county agency find that the child's circumstances have altered sufficiently to warrant such action. ~~The period of ineligibility for AFDC which results when an assistance unit receives lump sum income must be reduced when:~~

~~(1) the assistance unit's standard of need increases due to changes in state law or due to changes in the size or composition of the assistance unit, so that the amount of aid the assistance unit would have received would have increased had it not become ineligible;~~

~~(2) the lump sum income, or a portion of it becomes unavailable to the assistance unit due to expenditures to avoid a life-threatening circumstance, theft, or dissipation which is beyond the family's control by a member of the family who is no longer part of the assistance unit when the lump sum income is not used to meet the needs of members of the assistance unit; or~~

~~(3) the assistance unit incurs and pays medical expenses for care and services specified in sections 256B.02, subdivision 8, and 256B.0625.~~

The county agency may for cause at any time revoke, modify, or suspend any order for assistance previously made. When assistance is thus revoked, modified, or suspended the county agency shall at once report to the state agency such decision together with supporting evidence required by the rules of the state agency. All such decisions shall be subject to appeal and review by the state agency as provided in section 256.045.

Sec. 24. Minnesota Statutes 1992, section 256.983, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT RESPONSIBILITIES.] The commissioner shall establish training programs which shall be attended by all investigative and supervisory staff of the involved county agencies. The commissioner shall also develop the necessary operational guidelines, forms, and reporting mechanisms, which shall be used by the involved county agencies. *An individual's application or redetermination form shall include an authorization for release by the individual to obtain documentation for any information on that form which is involved in a fraud prevention investigation. The authorization for release would be effective until six months after public assistance benefits have ceased.*

Sec. 25. Minnesota Statutes 1992, section 256B.056, subdivision 1a, is amended 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)~~, *except that payments made pursuant to a court order for the support of children shall be excluded from income in an amount not to exceed the difference between the applicable income standard used in the state's medical assistance program for aged, blind, and disabled persons and the applicable income standard used in the state's medical assistance program for families with children. Exclusion of court-ordered child support payments is subject to the condition that if there has been a change in the financial circumstances of the person*

with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for modification of the support order. 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, or accounting method, or method of determining effective dates.

Sec. 26. Minnesota Statutes 1992, 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. 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, *except that, until June 30, 1995, in cases where a county agency has developed or approved a case plan that includes reunification with the children, foster care maintenance payments made under state or local law for a child who is temporarily absent from the assistance unit must not be considered income to the child and the payments must not be counted in the determination of the eligibility or benefit level of the assistance unit.* ~~However~~ *Otherwise*, 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. 27. Minnesota Statutes 1992, section 256D.02, subdivision 5, is amended to read:

Subd. 5. "Family" means the 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 minor child who is temporarily absent from the applicant's or recipient's home due to placement in foster care paid for from state or local funds, but who is expected to return within six months of the month of departure, is considered to be residing with the applicant or recipient.

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. 28. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; 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, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) who 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 is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or

recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(f)(1) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

(3) For purposes of paragraph (f), "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1).

Sec. 29. Minnesota Statutes 1992, section 256D.04, is amended to read:

256D.04 [DUTIES OF THE COMMISSIONER.]

In addition to any other duties imposed by law, the commissioner shall:

(1) Supervise according to section 256.01 the administration of general assistance and general assistance medical care by county agencies as provided in sections 256D.01 to 256D.21;

(2) Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21, including section 256D.05, subdivision 3, and section 256.01, subdivision 2, paragraph (16), to the end that general assistance may be administered as uniformly as possible throughout the state; rules shall be furnished immediately to all

county agencies and other interested persons; in promulgating rules, the provisions of sections 14.001 to 14.69, shall apply;

(3) Allocate money appropriated for general assistance and general assistance medical care to county agencies as provided in section 256D.03, subdivisions 2 and 3;

(4) Accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use in this state for general assistance and general assistance medical care;

(5) Cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under sections 256D.01 to 256D.21;

(6) Cooperate to the fullest extent with other public agencies empowered by law to provide vocational training, rehabilitation, or similar services;

(7) Gather and study current information and report at least annually to the governor and legislature on the nature and need for general assistance and general assistance medical care, the amounts expended under the supervision of each county agency, and the activities of each county agency and publish such reports for the information of the public; ~~and~~

(8) Specify requirements for general assistance and general assistance medical care reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17)*; and*

(9) Ensure that every notice of eligibility for general assistance or work readiness includes a notice that women who are pregnant may be eligible for medical assistance benefits.

Sec. 30. Minnesota Statutes 1992, section 256D.05, is amended by adding a subdivision to read:

Subd. 8. [PERSONS INELIGIBLE.] *(a) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for work readiness and general assistance benefits. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.*

(b) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

Sec. 31. Minnesota Statutes 1992, section 256D.051, subdivision 1, is amended to read:

Subdivision 1. [WORK REGISTRATION.] (a) Except as provided in this subdivision, persons who are residents of the state and whose income and resources are less than the standard of assistance established by the commissioner, but who are not categorically eligible under section 256D.05, subdivision 1, are eligible for the work readiness program for a maximum period of six calendar months during any 12 consecutive calendar month period, subject to the provisions of paragraph (d), subdivision 3, and section 256D.052, subdivision 4. The person's eligibility period begins on the first

day of the calendar month following the date of application for assistance or following the date all eligibility factors are met, whichever is later; however, the person may voluntarily continue to participate in work readiness services for up to three additional consecutive months immediately following the last month of benefits to complete the provisions of the person's employability development plan. After July 1, 1992, if orientation is available within three weeks after the date eligibility is determined, initial payment will not be made until the registrant attends orientation to the work readiness program. Prior to terminating work readiness assistance the county agency must provide advice on the person's eligibility for general assistance medical care and must assess the person's eligibility for general assistance under section 256D.05 to the extent possible, using information in the case file, and determine the person's eligibility for general assistance. A determination that the person is not eligible for general assistance must be stated in the notice of termination of work readiness benefits.

(b) Persons, families, and married couples who are not state residents but who are otherwise eligible for work readiness assistance may receive emergency assistance to meet emergency needs.

(c) Except for family members who must participate in work readiness services under the provisions of section 256D.05, subdivision 1, clause ~~(14)~~ *(15)*, any person who would be defined for purposes of the food stamp program as being enrolled *or participating* at least half-time in an institution of higher education *or a post-secondary program* is ineligible for the work readiness program. *Post-secondary education does not include the following programs: (1) high school equivalency; (2) adult basic education; (3) English as a second language; (4) literacy training; and (5) skill-specific technical training that has a course of study of less than three months, that is not paid for using work readiness funds, and that is specified in the work readiness employability development plan developed with the recipient prior to the recipient beginning the training course.*

(d) Notwithstanding the provisions of sections 256.045 and 256D.10, during the pendency of an appeal, work readiness payments and services shall not continue to a person who appeals the termination of benefits due to exhaustion of the period of eligibility specified in paragraph (a) or (d).

Sec. 32. Minnesota Statutes 1992, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [SERVICE COSTS.] The commissioner shall reimburse 92 percent of county agency expenditures for providing work readiness services including direct participation expenses and administrative costs, except as provided in section 256.017. State work readiness funds shall be used only to pay the county agency's and work readiness service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in work readiness services. ~~Beginning January 1, 1991, the average reimbursable cost per recipient must not exceed $283 annually.~~ Beginning July 1, 1991, the average annual reimbursable cost for providing work readiness services to a recipient for whom an individualized employability development plan is not completed must not exceed $60 for the work readiness services, and $223 for necessary recipient support services such as transportation or child care needed to participate in work readiness services. If an individualized employability development plan has been completed, the *average* annual reimbursable cost

for providing work readiness services must not exceed $283, *except that the total annual average reimbursable cost shall not exceed $804 for recipients who participate in a pilot project work experience program under section 56,* for all services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in work readiness services. 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 on or after January 1, 1991. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 33. Minnesota Statutes 1992, section 257.54, is amended to read:

257.54 [HOW PARENT AND CHILD RELATIONSHIP ESTABLISHED.]

The parent and child relationship between a child and

(a) the biological mother may be established by proof of her having given birth to the child, or under sections 257.51 to 257.74 *or section 257.75*;

(b) the biological father may be established under sections 257.51 to 257.74 *or section 257.75*; or

(c) an adoptive parent may be established by proof of adoption.

Sec. 34. Minnesota Statutes 1992, section 257.541, is amended to read:

257.541 [CUSTODY AND VISITATION OF CHILDREN BORN OUTSIDE OF MARRIAGE.]

Subdivision 1. [MOTHER'S RIGHT TO CUSTODY.] The biological mother of a child born to a mother who was not married to the child's father neither when the child was born nor when the child was conceived has sole custody of the child until paternity has been established *under sections 257.51 to 257.74, or until custody is determined in a separate proceeding under section 518.156.*

Subd. 2. [FATHER'S RIGHT TO VISITATION *AND CUSTODY.*] (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.

Subd. 3. [FATHER'S RIGHT TO VISITATION AND CUSTODY; RECOGNITION OF PATERNITY.] *If paternity has been recognized under section 257.75, the father may petition for rights of visitation or custody in an independent action under section 518.156. The proceeding must be treated as an initial determination of custody under section 518.17. The provisions of chapter 518 apply with respect to the granting of custody and visitation. These proceedings may not be combined with any proceeding under chapter 518B.*

Sec. 35. Minnesota Statutes 1992, section 257.55, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTION.] A man is presumed to be the biological father of a child if:

(a) He and the child's biological mother are or have been married to each other and the child is born during the marriage, or within 280 days after the marriage is terminated by death, annulment, declaration of invalidity, dissolution, or divorce, or after a decree of legal separation is entered by a court;

(b) Before the child's birth, he and the child's biological mother have attempted to marry each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) if the attempted marriage could be declared invalid only by a court, the child is born during the attempted marriage, or within 280 days after its termination by death, annulment, declaration of invalidity, dissolution or divorce; or

(2) if the attempted marriage is invalid without a court order, the child is born within 280 days after the termination of cohabitation;

(c) After the child's birth, he and the child's biological mother have married, or attempted to marry, each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) he has acknowledged his paternity of the child in writing filed with the state registrar of vital statistics;

(2) with his consent, he is named as the child's father on the child's birth certificate; or

(3) he is obligated to support the child under a written voluntary promise or by court order;

(d) While the child is under the age of majority, he receives the child into his home and openly holds out the child as his biological child; ~~or~~

(e) He and the child's biological mother acknowledge his paternity of the child in a writing signed by both of them under section 257.34 and filed with the state registrar of vital statistics. If another man is presumed under this clause to be the child's father, acknowledgment may be effected only with the written consent of the presumed father or after the presumption has been rebutted~~.~~*;*

(f) Evidence of statistical probability of paternity based on blood testing establishes ~~that~~ the likelihood that ~~the man~~ *he* is the father of the child, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater*;*

(g) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man is presumed to be the father under this subdivision; or

(h) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man and the child's

mother have executed a recognition of parentage in accordance with section 257.75.

Sec. 36. Minnesota Statutes 1992, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, clause (d), (e), ~~or~~ (f), *(g), or (h),* or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, clause (e) *or (g),* only if the action is brought within three years after the date of the execution of the declaration *or recognition of parentage*; or

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood test results.

Sec. 37. Minnesota Statutes 1992, section 257.59, subdivision 3, is amended to read:

Subd. 3. The action may be brought in the county in which the child or the ~~alleged father~~ *defendant* resides or is found or, if the ~~father~~ *defendant* is deceased, in which proceedings for probate of ~~his~~ *the defendant's* estate have been or could be commenced.

Sec. 38. Minnesota Statutes 1992, section 257.73, subdivision 1, is amended to read:

Subdivision 1. Upon compliance with the provisions of section 257.55, subdivision 1, clause (e), *257.75,* or upon order of a court of this state or upon request of a court of another state, the local registrar of vital statistics shall prepare a new certificate of birth consistent with the acknowledgment or the findings of the court and shall substitute the new certificate for the original certificate of birth.

Sec. 39. Minnesota Statutes 1992, section 257.74, subdivision 1, is amended to read:

Subdivision 1. If a mother relinquishes or proposes to relinquish for adoption a child who has

(a) a presumed father under section 257.55, subdivision 1,

(b) a father whose relationship to the child has been determined by a court *or established under section 257.75,* or

(c) a father as to whom the child is a legitimate child under prior law of this

state or under the law of another jurisdiction, the father shall be given notice of the adoption proceeding as provided in section 259.26.

Sec. 40. [257.75] [RECOGNITION OF PARENTAGE.]

Subdivision 1. [RECOGNITION BY PARENTS.] *The mother and father of a child born to a mother who was not married to the child's father nor to any other man when the child was conceived nor when the child was born may, in a writing signed by both of them before a notary public and filed with the state registrar of vital statistics, state and acknowledge under oath that they are the biological parents of the child and wish to be recognized as the biological parents. The recognition must be in the form prepared by the commissioner of human services under subdivision 5.*

Subd. 2. [REVOCATION OF RECOGNITION.] *A recognition may be revoked in a writing signed by the mother or father before a notary public and filed with the state registrar of vital statistics within 30 days after the recognition is executed. Upon receipt of a revocation of the recognition of parentage, the state registrar of vital statistics shall forward a copy of the revocation to the nonrevoking parent.*

Subd. 3. [EFFECT OF RECOGNITION.] *Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the recognition has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. Until an order is entered granting custody to another, the mother has sole custody. The recognition is:*

(1) a basis for bringing an action to award custody or visitation rights to either parent, establishing a child support obligation, ordering a contribution by a parent under section 256.87, or ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3;

(2) determinative for all other purposes related to the existence of the parent and child relationship; and

(3) entitled to full faith and credit in other jurisdictions.

Subd. 4. [ACTION TO VACATE RECOGNITION.] *An action to vacate a recognition of paternity may be brought by the mother, father, or child. A mother or father must bring the action within one year of the execution of the recognition or within six months after discovery of evidence in support of the action, whichever is later. A child must bring an action to vacate within six months of discovery of evidence, in support of the action or within one year of reaching the age of majority, whichever is later. If the court finds a prima facie basis for vacating the recognition, the court shall order the child, mother, and father to submit to blood tests. If the court issues an order for the taking of blood tests, the court shall require the party seeking to vacate the recognition to make advance payment for the costs of the blood tests. If the party fails to pay for the costs of the blood tests, the court shall dismiss the action to vacate with prejudice. The court may also order the party seeking to vacate the recognition to pay the other party's reasonable attorney fees, costs, and disbursements. If the results of the blood tests establish that the man who executed the recognition is not the father, the court shall vacate the*

recognition. The court shall terminate the obligation of a party to pay ongoing child support based on the recognition. A modification of child support based on a recognition may be made retroactive with respect to any period during which the moving party has pending a motion to vacate the recognition but only from the date of service of notice of the motion on the responding party.

Subd. 5. [RECOGNITION FORM.] *The commissioner of human services shall prepare a form for the recognition of parentage under this section. In preparing the form, the commissioner shall consult with the individuals specified in subdivision 6. The recognition form must be drafted so that the force and effect of the recognition and the benefits and responsibilities of establishing paternity are clear and understandable. The form must include a notice regarding the finality of a recognition and the revocation procedure under subdivision 2. The form must include a provision for each parent to verify that the parent has read or viewed the educational materials prepared by the commissioner of human services describing the recognition of paternity. Each parent must receive a copy of the recognition.*

Subd. 6. [PATERNITY EDUCATIONAL MATERIALS.] *The commissioner of human services shall prepare educational materials for new and prospective parents that describe the benefits and effects of establishing paternity. The materials must include a description and comparison of the procedures for establishment of paternity through a recognition of parentage under this section and an adjudication of paternity under sections 257.51 to 257.74. The commissioner shall consider the use of innovative audio or visual approaches to the presentation of the materials to facilitate understanding and presentation. In preparing the materials, the commissioner shall consult with child advocates and support workers, battered women's advocates, social service providers, educators, attorneys, hospital representatives, and people who work with parents in making decisions related to paternity. The commissioner shall consult with representatives of communities of color. On and after January 1, 1994, the commissioner shall make the materials available without cost to hospitals, requesting agencies, and other persons for distribution to new parents.*

Subd. 7. [HOSPITAL DISTRIBUTION OF EDUCATIONAL MATERIALS; RECOGNITION FORM.] *Hospitals that provide obstetric services shall distribute the educational materials and recognition of parentage forms prepared by the commissioner of human services to new parents and shall assist parents in understanding the recognition of parentage form. On and after January 1, 1994, hospitals may not distribute the declaration of parentage forms.*

Subd. 8. [NOTICE.] *If the state registrar of vital statistics receives more than one recognition of parentage for the same child, the registrar shall notify both signatories on each recognition that the recognition is no longer final and that each man has only a presumption of paternity under section 257.55, subdivision 1.*

Sec. 41. Minnesota Statutes 1992, section 388.23, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority to subpoena and require the production of any records of telephone companies, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and

motels, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies, *insurance records relating to the monetary payment or settlement of claims, and wage and employment records of an applicant or recipient of public assistance who is the subject of a welfare fraud investigation relating to eligibility information for public assistance programs*. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation *or welfare fraud investigation and there is probable cause that a crime has been committed. This provision applies only to the records of business entities and does not extend to private individuals or their dwellings. Subpoenas may only be served by peace officers as defined by section 626.84, subdivision 1, paragraph (c)*.

Sec. 42. Minnesota Statutes 1992, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services, the supervision of the commissioner as specified in section 256.01, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) A person who commits any of the following acts has violated section 256.98 *or 609.821, or both,* and is subject to both the criminal and civil penalties provided under ~~that section~~ *those sections*:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; ~~or~~

(3) Willfully uses, *possesses,* or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law, *rules, or regulations; or*

(4) Buys or sells food stamp coupons, authorization to purchase cards or other assistance transaction devices for cash or consideration other than eligible food.

(d) A peace officer or welfare fraud investigator may confiscate food stamps, authorization to purchase cards, or other assistance transaction devices found in the possession of any person who is neither a recipient of the food stamp program nor otherwise authorized to possess and use such materials. Confiscated property shall be disposed of as the commissioner may direct and consistent with state and federal food stamp law. The confiscated property must be retained for a period of not less than 30 days to allow any affected person to appeal the confiscation under section 256.045.

Sec. 43. Minnesota Statutes 1992, section 518.156, subdivision 1, is amended to read:

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, *or when paternity has been recognized under section 257.75,* 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. A person seeking visitation pursuant to this paragraph must qualify under one of the provisions of section 257.022.

Sec. 44. Minnesota Statutes 1992, 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 stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). 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 may also order the obligor to pay child support in the form of a percentage share of the obligor's

net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

The court shall derive a specific dollar amount by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
$401 – 500	14%	17%	20%	22%	24%	26%	28%
$501 – 550	15%	18%	21%	24%	26%	28%	30%
$551 – 600	16%	19%	22%	25%	28%	30%	32%
$601 – 650	17%	21%	24%	27%	29%	32%	34%
$651 – 700	18%	22%	25%	28%	31%	34%	36%
$701 – 750	19%	23%	27%	30%	33%	36%	38%
$751 – 800	20%	24%	28%	31%	35%	38%	40%
$801 – 850	21%	25%	29%	33%	36%	40%	42%
$851 – 900	22%	27%	31%	34%	38%	41%	44%
$901 – 950	23%	28%	32%	36%	40%	43%	46%
$951 – 1000	24%	29%	34%	38%	41%	45%	48%
$1001 – 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of $4,001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of $4,000.

Net Income defined as:

Total monthly income less

*(i) Federal Income Tax
*(ii) State Income Tax
(iii) Social Security Deductions
(iv) Reasonable Pension Deductions

*Standard Deductions apply-use of tax tables recommended

(v) Union Dues
(vi) Cost of Dependent Health Insurance Coverage
(vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
(viii) A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) 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;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) 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)(ii);

(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)*; and*

(7) the obligor's receipt of assistance under sections 256.72 to 256.87 or 256B.01 to 256B.40.

(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.

(d) 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.

(e) 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.

(f) Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(g) 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.

(h) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving *the amount of support calculated under the guidelines,* the reasons for the deviation, and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

Sec. 45. Minnesota Statutes 1992, 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*:*

(1) 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*; and*

(2) provisions for the obligor to keep the public authority informed of the name and address of the obligor's current employer or payor of funds, and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information.

Sec. 46. Minnesota Statutes 1992, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result ~~whenever~~ *when:*

(1) the obligor requests it in writing to the public authority;

(2) the custodial parent requests it by making a motion to the court; or

(3) the obligor fails to make the maintenance or support payments, and the following conditions are met:

~~(1)~~ *(i)* the obligor is at least 30 days in arrears;

~~(2)~~ *(ii)* 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)~~ *(iii)* 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;

~~(4)~~ *(iv)* the obligee or the public authority serves a copy of the notice of income withholding, a copy of the court's order *or notice of order*, and the provisions of this section on the payor of funds; and

~~(5)~~ *(v)* 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.

For those persons not applying for the public authority's IV-D services, a monthly service fee of $15 must be charged to the obligor in addition to the amount of child support ordered by the court and withheld through automatic income withholding, or for persons applying for the public authority's IV-D services, the service fee under section 518.551, subdivision 7, applies. The county agency shall explain to affected persons the services available and encourage the applicant to apply for IV-D 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)~~ *(d)* 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)~~ *(e)* 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. 47. Minnesota Statutes 1992, section 518.611, subdivision 6, is amended to read:

Subd. 6. [PRIORITY.] An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment and shall not be subject to the statutory limitations on amounts levied against the income of the obligor. Amounts withheld from an employee's income must not exceed the maximum permitted under the Consumer Credit Protection Act, United States Code, title 15, section 1673(b)(2). If there is more than one withholding order on a single employee, ~~the employer shall put them into effect, giving priority first to amounts currently due and not in arrears and then to other amounts, in the sequence in which the withholding orders were received up to the maximum allowed in the Consumer Credit Protection Act.~~ *the payor of funds shall comply with all of the orders to the extent that the total amount withheld from the payor's income does not exceed the limits imposed under the Consumer Credit Protection Act, giving priority to amounts designated in each order as current support as follows:*

(1) If the total of the amounts designated in the orders as current support exceeds the amount available for income withholding, the payor of funds shall allocate to each order an amount for current support equal to the amount designated in that order as current support, divided by the total of the amounts designated in the orders as current support, multiplied by the amount of the income available for income withholding; and

(2) If the total of the amounts designated in the orders as current support does not exceed the amount available for income withholding, the payor of funds shall pay the amounts designated as current support, and shall allocate to each order an amount for past due support equal to the amount designated in that order as past due support, divided by the total of the amounts designated in the orders as past due support, multiplied by the amount of income remaining available for income withholding after the payment of current support.

Notwithstanding any law to the contrary, funds from income sources included in section 518.54, subdivision 6, whether periodic or lump sum, are not exempt from attachment or execution upon a judgment for child support arrearages.

Sec. 48. Minnesota Statutes 1992, section 518.611, is amended by adding a subdivision to read:

Subd. 12. [INTERSTATE INCOME WITHHOLDING.] *Upon receipt of an order for support entered in another state, with the specified documentation from an authorized agency, the public authority shall implement income withholding under subdivision 2. If the obligor requests a hearing under subdivision 3 to contest withholding, the court administrator shall enter the order. Entry of the order shall not confer jurisdiction on the courts or administrative agencies of this state for any purpose other than contesting implementation of income withholding.*

Sec. 49. Minnesota Statutes 1992, 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. *In addition, every order must contain provisions requiring the obligor to keep the public authority informed of the name and address of the obligor's current employer, or other payor of funds and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information.* 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~~ *must decide to either* apply for the *IV-D* collection services of the public authority *or obtain income withholding only services* 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. 50. Minnesota Statutes 1992, section 518.613, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING.] The employer or other payor shall withhold and forward the child support or maintenance ordered in the manner and within the time limits provided in section 518.611. Amounts received from employers or other payors under this section by the public agency responsible for child support enforcement that are in excess of public assistance received by the obligee must be remitted to the obligee. ~~The public agency must remit payments to the obligee at least once monthly on a standard payment date set by the agency.~~ A county in which this section applies may contract for services to carry out the provisions of this section.

Sec. 51. Minnesota Statutes 1992, section 518.613, subdivision 4, is amended to read:

Subd. 4. [APPLICATION.] ~~On and after August 1, 1989, this section applies in a county selected under Laws 1987, chapter 403, article 3, section 93, and in a county that chooses to have this section apply by resolution of a majority vote of its county board.~~ On and after November 1, 1990, this section applies to all child support and maintenance obligations that are initially ordered or modified on and after November 1, 1990, and that are being enforced by the public authority. *Effective January 1, 1994, this section applies to all child support and maintenance obligations ordered or modified by the court. Those persons not applying for the public authority's IV-D services must pay a monthly service fee of $15. The fee will be charged to the obligor in addition to the amount of the child support which was ordered by the court. Persons applying for the public authority's IV-D services will pay the service fee under section 518.551, subdivision 7.*

Sec. 52. Minnesota Statutes 1992, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87 *or 256B.01 to 256B.40*; or (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair.

The terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, 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 apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 53. Minnesota Statutes 1992, section 609.821, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Financial transaction card" means any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, debit card, *electronic benefit system (EBS) card, electronic benefit transfer (EBT) card, assistance transaction card,* or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, *public assistance benefits,* or anything else of value, and includes the account or identification number or symbol of a financial transaction card.

(b) "Cardholder" means a person in whose name a card is issued.

(c) "Issuer" means a person ~~or~~, firm, *or governmental agency,* or a duly authorized agent *or designee*, that issues a financial transaction card.

(d) "Property" includes money, goods, services, *public assistance benefit,* or anything else of value.

(e) "Public assistance benefit" means any money, goods or services, or anything else of value, issued under chapters 256, 256B, 256D, or section 393.07, subdivision 10.

Sec. 54. Minnesota Statutes 1992, section 609.821, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS; PENALTIES.] A person who does any of the following commits financial transaction card fraud:

(1) without the consent of the cardholder, and knowing that the cardholder has not given consent, uses or attempts to use a card to obtain the property of another, *or a public assistance benefit issued for the use of another*;

(2) uses or attempts to use a card knowing it to be forged, false, fictitious, or obtained in violation of clause (6);

(3) sells or transfers a card knowing that the cardholder and issuer have not authorized the person to whom the card is sold or transferred to use the card,

or that the card is forged, false, fictitious, or was obtained in violation of clause (6);

(4) without a legitimate business purpose, and without the consent of the cardholders, receives or possesses, with intent to use, or with intent to sell or transfer in violation of clause (3), two or more cards issued in the name of another, or two or more cards knowing the cards to be forged, false, fictitious, or obtained in violation of clause (6);

(5) being authorized by an issuer to furnish money, goods, services, or anything else of value, knowingly and with an intent to defraud the issuer or the cardholder:

(i) furnishes money, goods, services, or anything else of value upon presentation of a financial transaction card knowing it to be forged, expired, or revoked, or knowing that it is presented by a person without authority to use the card; or

(ii) represents in writing to the issuer that the person has furnished money, goods, services, or anything else of value which has not in fact been furnished;

(6) upon applying for a financial transaction card to an issuer, *or for a public assistance benefit which is distributed by means of a financial transaction card*:

(i) knowingly gives a false name or occupation; ~~or~~

(ii) knowingly and substantially overvalues assets or substantially undervalues indebtedness for the purpose of inducing the issuer to issue a financial transaction card; *or*

(iii) knowingly makes a false statement or representation for the purpose of inducing an issuer to issue a financial transaction card used to obtain a public assistance benefit;

(7) with intent to defraud, falsely notifies the issuer or any other person of a theft, loss, disappearance, or nonreceipt of a financial transaction card; or

(8) without the consent of the cardholder and knowing that the cardholder has not given consent, falsely alters, makes, or signs any written document pertaining to a card transaction to obtain or attempt to obtain the property of another.

Sec. 55. [PILOT PROJECT; WORK EXPERIENCE COMPONENT OF WORK READINESS.]

Subdivision 1. [DUTIES OF COMMISSIONER.] *The commissioner of human services may establish a pilot project to implement the work experience component in subdivision 2 for persons participating in work readiness. The commissioner may select one county within the seven-county metropolitan area and one or more counties outside the seven-county metropolitan area to participate in the pilot project. The commissioner may grant waivers to any county, whether or not it is selected, to establish and implement a comprehensive work readiness pilot project. The commissioner shall allocate a proportionate number of participant slots to each pilot county based on the amount of funding available and the estimated per participant cost. Pilot counties shall assign recipients to participate in the project who have no recent work experience or local work reference on a first-come, first-served*

basis, or who the county determines will benefit from the work experience component by improving their employability. Recipients assigned to project participation shall be eligible for work readiness benefits and services for a maximum period of eight months during any 12-consecutive-calendar-month period rather than the six-month period specified in Minnesota Statutes, section 256D.051, subdivision 1. The work experience pilot project may not begin before January 1, 1994. The funds for the project are limited to the amount appropriated by the legislature.

Subd. 2. [WORK EXPERIENCE COMPONENT.] *(a) The purpose of the pilot project is to develop a work experience component that helps recipients achieve self-sufficiency.*

(b) Recipients selected to participate in the pilot project must cooperate with all work readiness requirements, including the requirement to participate in a work experience component. Work readiness recipients who would be required to participate in the work experience component for less than eight hours per month under the provisions of paragraph (d), or who are attending high school, or who are functionally illiterate and participating in literacy training, and family general assistance recipients who are required to participate in work readiness services under Minnesota Statutes, section 256D.05, subdivision 1, clause (15), may not participate in the pilot project and must instead participate in standard work readiness employment and training services.

(c) Selected recipients shall be referred to the work experience component at the end of their third month of work readiness eligibility and must participate in the component until the recipient finds suitable employment or until work readiness benefits terminate. Permanent suitable employment offered through grant diversion under Minnesota Statutes, section 256D.09, subdivision 3, during this time period shall substitute for work experience participation. The participant's employability development plan must specify the type of work experience position the recipient will be placed in, the beginning date of mandatory participation in work experience, and identify other services necessary to help the participant become employed, including the requirement to participate for a minimum of eight hours per week in job search activities if the participant is not suitably employed.

(d) Each project recipient is required to participate in a work experience job placement for that number of hours calculated by dividing the assistance unit's work readiness assistance payment by the state minimum wage. The county shall provide for a participant's support services costs of transportation, child care, and other work related expenses incurred in order to participate in the work experience activity.

(e) The county shall assign work to the participant that the participant is able to perform. Work experience positions may be developed with public and private nonprofit employers. Structured, supervised volunteer work with an agency or organization which is monitored by the county service provider may be used as a work experience placement. The county must provide workers' compensation or other comparable protection for a work experience participant. A participant is not eligible for unemployment compensation, and is not an employee of the state of Minnesota within the meaning of Minnesota Statutes, section 43A.02, subdivision 2. The commissioner of jobs and training shall assist in the design and implementation of the work experience program.

(f) An eligible employer may not terminate, lay off, or reduce the regular working hours of an employee for the purpose of hiring an individual with money available under this program. An eligible employer may not hire an individual with money available through this program if any other person is on layoff from the same or substantially equivalent job or to fill an established vacant position. Written or oral concurrence shall be obtained from the appropriate exclusive bargaining representative with respect to job duties covered under collective bargaining agreements.

(g) Recipients assigned to a work experience placement must participate and cooperate in the placement and meet all work readiness requirements. The county shall terminate assistance payments provided under this section as specified in Minnesota Statutes, section 256D.051, subdivision 1a, for a nonexempt recipient who refuses without good cause to participate in a work experience placement.

(h) The commissioner shall provide a report to the legislature on the operation of the pilot project by March 1, 1995.

Subd. 3. [EXPIRATION DATE.] *The pilot projects established under this section terminate on June 30, 1995.*

Sec. 56. [REPEALER.]

Minnesota Statutes 1992, section 256.985 is repealed.

Sec. 57. [EFFECTIVE DATES.]

Subdivision 1. Section 40, subdivisions 5 and 6, is effective the day following final enactment. All other subdivisions in section 40 are effective January 1, 1994.

Subd. 2. Sections 53 and 54 are effective for crimes committed on or after July 1, 1993.

Subd. 3. Sections 7 and 9 to 21 are effective October 1, 1993.

Subd. 4. Sections 1, 33 to 39, and 47 are effective January 1, 1994.

ARTICLE 7

REGIONAL TREATMENT CENTERS

AND MENTAL HEALTH ADMINISTRATION

Section 1. [245.037] [LEASES FOR REGIONAL TREATMENT CENTER AND STATE NURSING HOME PROPERTY.]

Notwithstanding any law to the contrary, money collected as rent under section 16B.24, subdivision 5, for state property at any of the regional treatment centers or state nursing home facilities administered by the commissioner of human services is dedicated to the regional treatment center or state nursing home from which it is generated. Any balance remaining at the end of the fiscal year shall not cancel and is available until expended.

Sec. 2. Minnesota Statutes 1992, section 245.462, subdivision 4, is amended to read:

Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to

provide case management services specified in section 245.4711. A case manager must have a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and have at least 2,000 hours of supervised experience in the delivery of services to adults with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to adults with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of adults with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met. Clinical supervision must be documented in the client record.

Until June 30, ~~1991~~ *1996*, a refugee who does not have the qualifications specified in this subdivision may provide case management services to adult refugees with serious and persistent mental illness who are members of the same ethnic group as the case manager if the person: (1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university; (2) completes 40 hours of training as specified in this subdivision; and (3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Sec. 3. Minnesota Statutes 1992, section 245.462, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) An "adult with acute mental illness" means an adult who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of case management and community support services, a "person with serious and persistent mental illness" means an adult who has a mental illness and meets at least one of the following criteria:

(1) the adult has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months;

(2) the adult has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months;

(3) the adult:

(i) has a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion from a mental health professional, *in the last three years,* stating that the adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless ~~an~~ ongoing *case management or* community support services ~~program is~~ *are* provided; ~~or~~

(4) the adult has, *in the last three years,* been committed by a court as a mentally ill person under chapter 253B, or the adult's commitment has been stayed or continued*; or*

(5) the adult (i) was eligible under clauses (1) to (4), but the specified time period has expired or the adult was eligible as a child under section 245.4871, subdivision 6; and (ii) has a written opinion from a mental health professional, in the last three years, stating that the adult is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless ongoing case management or community support services are provided.

Sec. 4. Minnesota Statutes 1992, section 245.464, subdivision 1, is amended to read:

Subdivision 1. [COORDINATION.] The commissioner shall supervise the development and coordination of locally available adult mental health services by the county boards in a manner consistent with sections 245.461 to 245.486. The commissioner shall coordinate locally available services with those services available from the regional treatment center serving the area *including state-operated services offered at sites outside of the regional treatment centers*. The commissioner shall review the adult mental health component of the community social services plan developed by county boards as specified in section 245.463 and provide technical assistance to county boards in developing and maintaining locally available mental health services. The commissioner shall monitor the county board's progress in developing its full system capacity and quality through ongoing review of the county board's adult mental health component of the community social services plan and other information as required by sections 245.461 to 245.486.

Sec. 5. Minnesota Statutes 1992, section 245.466, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable adult mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center under section 246.57 *or with any state facility or program as defined in section 246.50, subdivision 3,* to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall

demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987, to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and the adult mental health component of the community social services plan approved by the commissioner under section 245.478.

Sec. 6. Minnesota Statutes 1992, 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. *Inpatient services may be provided either on the regional treatment center campus or at any state facility or program as defined in section 246.50, subdivision 3.* 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;

(3) improve functioning to the point where discharge to community-based mental health services is possible;

(4) strengthen family and community support; and

(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 *or at any state facility or program as defined in section 246.50, subdivision 3,* 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 *and other inpatient facilities or programs, as defined in section 246.50, subdivision 3,* 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. 7. Minnesota Statutes 1992, section 245.484, is amended to read:

245.484 [RULES.]

The commissioner shall adopt emergency rules to govern implementation of case management services for eligible children in section 245.4881 and professional home-based family treatment services for medical assistance eligible children, in section 245.4884, subdivision 3, by January 1, 1992, and must adopt permanent rules by January 1, 1993.

The commissioner shall adopt permanent rules as necessary to carry out sections 245.461 to 245.486 and 245.487 to 245.4888. The commissioner shall reassign agency staff as necessary to meet this deadline.

By January 1, ~~1993~~ *1994*, the commissioner shall adopt permanent rules specifying program requirements for family community support services.

Sec. 8. Minnesota Statutes 1992, section 245.4871, subdivision 4, is amended to read:

Subd. 4. [CASE MANAGER.] (a) "Case manager" means an individual employed by the county or other entity authorized by the county board to provide case management services specified in subdivision 3 for the child with severe emotional disturbance and the child's family. A case manager must have experience and training in working with children.

(b) A case manager must:

(1) have at least a bachelor's degree in one of the behavioral sciences or a related field from an accredited college or university;

(2) have at least 2,000 hours of supervised experience in the delivery of mental health services to children;

(3) have experience and training in identifying and assessing a wide range of children's needs; and

(4) be knowledgeable about local community resources and how to use those resources for the benefit of children and their families.

(c) The case manager may be a member of any professional discipline that is part of the local system of care for children established by the county board.

(d) The case manager must meet in person with a mental health professional at least once each month to obtain clinical supervision.

(e) Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of mental health services to children with emotional disturbance must:

(1) begin 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of children with severe emotional disturbance before beginning to provide case management services; and

(2) receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of experience is met.

(f) Clinical supervision must be documented in the child's record. When the case manager is not a mental health professional, the county board must provide or contract for needed clinical supervision.

(g) The county board must ensure that the case manager has the freedom to access and coordinate the services within the local system of care that are needed by the child.

(h) Until June 30, ~~1991~~ *1996*, a refugee who does not have the qualifications specified in this subdivision may provide case management services to child refugees with severe emotional disturbance of the same ethnic group as the refugee if the person:

(1) is actively pursuing credits toward the completion of a bachelor's degree in one of the behavioral sciences or related fields at an accredited college or university;

(2) completes 40 hours of training as specified in this subdivision; and

(3) receives clinical supervision at least once a week until the requirements of obtaining a bachelor's degree and 2,000 hours of supervised experience are met.

Sec. 9. Minnesota Statutes 1992, section 245.4873, subdivision 2, is amended to read:

Subd. 2. [STATE LEVEL; COORDINATION.] *The state coordinating council consists of* 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, *and the director or designee of the director of the office of strategic and long-range planning. The members of the council shall annually alternate chairing the council beginning with the commissioner of human services and proceeding in the order as listed in this subdivision. The council* shall meet at least quarterly 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 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~~ *perform the duties required under sections 245.494 to 245.496.*

Sec. 10. Minnesota Statutes 1992, section 245.4882, subdivision 5, is amended to read:

Subd. 5. [SPECIALIZED RESIDENTIAL TREATMENT SERVICES.] The commissioner of human services shall ~~establish or contract for~~ *continue efforts to further interagency collaboration to develop a comprehensive system of services, including family community support and* specialized residential treatment services for children. The services shall be designed for children with emotional disturbance who exhibit violent or destructive behavior and for whom local treatment services are not feasible due to the small number of children statewide who need the services and the specialized nature of the services required. The services shall be located in community settings. If no appropriate services are available in Minnesota or within the geographical area in which the residents of the county normally do business, the commissioner is responsible, *effective July 1, 1995,* for 50 percent of the nonfederal costs of out-of-state treatment of children for whom no appropriate resources are available in Minnesota. Counties are eligible to receive enhanced state funding under this section only if they have established juvenile screening teams under section 260.151, subdivision 3, *and if the out-of-state treatment has been approved by the commissioner. By January 1, 1995, the commissioners of human services and corrections shall jointly develop a plan, including a financing strategy, for increasing the in-state availability of treatment within a secure setting. By July 1, 1994, the commissioner of human services shall also:*

(1) conduct a study and develop a plan to meet the needs of children with both a developmental disability and severe emotional disturbance; and

(2) study the feasibility of expanding medical assistance coverage to include specialized residential treatment for the children described in this subdivision.

Sec. 11. [245.491] [CITATION; DECLARATION OF PURPOSE.]

Subdivision 1. [CITATION.] *Sections 245.491 to 245.496 may be cited as "the children's mental health integrated fund."*

Subd. 2. [PURPOSE.] *The legislature finds that children with emotional or behavioral disturbances or who are at risk of suffering such disturbances often require services from multiple service systems including mental health, social services, education, corrections, juvenile court, health, and jobs and training. In order to better meet the needs of these children, it is the intent of*

the legislature to establish an integrated children's mental health service system that:

(1) allows local service decision makers to draw funding from a single local source so that funds follow clients and eliminates the need to match clients, funds, services, and provider eligibilities;

(2) creates a local pool of state, local, and private funds to procure a greater medical assistance federal financial participation;

(3) improves the efficiency of use of existing resources;

(4) minimizes or eliminates the incentives for cost and risk shifting; and

(5) increases the incentives for earlier identification and intervention.

The children's mental health integrated fund established under sections 245.491 to 245.496 must be used to develop and support this integrated mental health service system. In developing this integrated service system, it is not the intent of the legislature to limit any rights available to children and their families through existing federal and state laws.

Sec. 12. [245.492] [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] *The definitions in this section apply to sections 245.491 to 245.496.*

Subd. 2. [BASE LEVEL FUNDING.] *"Base level funding" means funding received from state, federal, or local sources and expended across the local system of care in fiscal year 1993 for children's mental health services or for special education services for children with emotional or behavioral disturbances.*

In subsequent years, base level funding may be adjusted to reflect decreases in the numbers of children in the target population.

Subd. 3. [CHILDREN WITH EMOTIONAL OR BEHAVIORAL DISTURBANCES.] *"Children with emotional or behavioral disturbances" includes children with emotional disturbances as defined in section 245.4871, subdivision 15, and children with emotional or behavioral disorders as defined in Minnesota Rules, part 3525.1329, subpart 1.*

Subd. 4. [FAMILY.] *"Family" has the definition provided in section 245.4871, subdivision 16.*

Subd. 5. [FAMILY COMMUNITY SUPPORT SERVICES.] *"Family community support services" has the definition provided in section 245.4871, subdivision 17.*

Subd. 6. [INITIAL TARGET POPULATION.] *"Initial target population" means a population of children that the local children's mental health collaborative agrees to serve in the start-up phase and who meet the criteria for the target population. The initial target population may be less than the target population.*

Subd. 7. [INTEGRATED FUND.] *"Integrated fund" is a pool of both public and private local, state, and federal resources, consolidated at the local level, to accomplish locally agreed upon service goals for the target population. The fund is used to help the local children's mental health*

collaborative to *serve the mental health needs of children in the target population by allowing the local children's mental health collaboratives to develop and implement an integrated service system.*

Subd. 8. [INTEGRATED FUND TASK FORCE.] *"The integrated fund task force" means the statewide task force established in Laws 1991, chapter 292, article 6, section 57.*

Subd. 9. [INTEGRATED SERVICE SYSTEM.] *"Integrated service system" means a coordinated set of procedures established by the local children's mental health collaborative for coordinating services and actions across categorical systems and agencies that results in:*

(1) integrated funding;

(2) improved outreach, early identification, and intervention across systems;

(3) strong collaboration between parents and professionals in identifying children in the target population facilitating access to the integrated system, and coordinating care and services for these children;

(4) a coordinated assessment process across systems that determines which children need multiagency care coordination and wraparound services;

(5) multiagency plan of care; and

(6) wraparound services.

Services provided by the integrated service system must meet the requirements set out in sections 245.487 to 245.4887. Children served by the integrated service system must be economically and culturally representative of children in the service delivery area.

Subd. 10. [INTERAGENCY EARLY INTERVENTION COMMITTEE.] *"Interagency early intervention committee" refers to the committee established under section 120.17, subdivision 12.*

Subd. 11. [LOCAL CHILDREN'S ADVISORY COUNCIL.] *"Local children's advisory council" refers to the council established under section 245.4875, subdivision 5.*

Subd. 12. [LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVE.] *"Local children's mental health collaborative" or "collaborative" means an entity formed by the agreement of representatives of the local system of care including mental health services, social services, correctional services, education services, health services, and vocational services for the purpose of developing and governing an integrated service system. A local coordinating council, a community transition interagency committee as defined in section 120.17, subdivision 16, or an interagency early intervention committee may serve as a local children's mental health collaborative if its representatives are capable of carrying out the duties of the local children's mental health collaborative set out in sections 245.491 to 245.496. Where a local coordinating council is not the local children's mental health collaborative, the local children's mental health collaborative must work closely with the local coordinating council in designing the integrated service system.*

Subd. 13. [LOCAL COORDINATING COUNCIL.] *"Local coordinating*

council" refers to the council established under section 245.4875, subdivision 6.

Subd. 14. [LOCAL SYSTEM OF CARE.] *"Local system of care" has the definition provided in section 245.4871, subdivision 24.*

Subd. 15. [MENTAL HEALTH SERVICES.] *"Mental health services" has the definition provided in section 245.4871, subdivision 28.*

Subd. 16. [MULTIAGENCY PLAN OF CARE.] *"Multiagency plan of care" means a written plan of intervention and integrated services developed by a multiagency team in conjunction with the child and family based on their unique strengths and needs as determined by a multiagency assessment. The plan must outline measurable client outcomes and specific services needed to attain these outcomes, the agencies responsible for providing the specified services, funding responsibilities, timelines, the judicial or administrative procedures needed to implement the plan of care, the agencies responsible for initiating these procedures and designate one person with lead responsibility for overseeing implementation of the plan.*

Subd. 17. [RESPITE CARE.] *"Respite care" is planned routine care to support the continued residence of a child with emotional or behavioral disturbance with the child's family or long-term primary caretaker.*

Subd. 18. [SERVICE DELIVERY AREA.] *"Service delivery area" means the geographic area to be served by the local children's mental health collaborative and must include at a minimum a part of a county and school district or a special education cooperative.*

Subd. 19. [START-UP FUNDS.] *"Start-up funds" means the funds available to assist a local children's mental health collaborative in planning and implementing the integrated service system for children in the target population, in setting up a local integrated fund, and in developing procedures for enhancing federal financial participation.*

Subd. 20. [STATE COORDINATING COUNCIL.] *"State coordinating council" means the council established under section 245.4873, subdivision 2.*

Subd. 21. [TARGET POPULATION.] *"Target population" means children up to age 18 with an emotional or behavioral disturbance or who are at risk of suffering an emotional or behavioral disturbance as evidenced by a behavior or condition that affects the child's ability to function in a primary aspect of daily living including personal relations, living arrangements, work, school, and recreation, and a child who can benefit from:*

(1) multiagency service coordination and wraparound services; or

(2) informal coordination of traditional mental health services provided on a temporary basis.

Children between the ages of 18 and 21 who meet these criteria may be included in the target population at the option of the local children's mental health collaborative.

Subd. 22. [THERAPEUTIC SUPPORT OF FOSTER CARE.] *"Therapeutic support of foster care" has the definition provided in section 245.4871, subdivision 34.*

Subd. 23. [WRAPAROUND SERVICES.] *"Wraparound services" are alternative, flexible, coordinated, and highly individualized services that are based on a multiagency plan of care. These services are designed to build on the strengths and respond to the needs identified in the child's multiagency assessment and to improve the child's ability to function in the home, school, and community. Wraparound services may include, but are not limited to, residential services, respite services, services that assist the child or family in enrolling in or participating in recreational activities, assistance in purchasing otherwise unavailable items or services important to maintain a specific child in the family, and services that assist the child to participate in more traditional services and programs.*

Sec. 13. [245.493] [LOCAL LEVEL COORDINATION.]

Subdivision 1. [REQUIREMENTS TO QUALIFY AS A LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVE.] *In order to qualify as a local children's mental health collaborative and be eligible to receive start-up funds, the representatives of the local system of care, or at a minimum one county, one school district or special education cooperative, and one mental health entity must agree to the following:*

(1) to establish a local children's mental health collaborative and develop an integrated service system; and

(2) to commit resources to providing services through the local children's mental health collaborative.

Subd. 2. [GENERAL DUTIES OF THE LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVES.] *Each local children's mental health collaborative must:*

(1) identify a service delivery area and an initial target population within that service delivery area. The initial target population must be economically and culturally representative of children in the service delivery area to be served by the local children's mental health collaborative. The size of the initial target population must also be economically viable for the service delivery area;

(2) seek to maximize federal revenues available to serve children in the target population by designating local expenditures for mental health services that can be matched with federal dollars;

(3) in consultation with the local children's advisory council and the local coordinating council, if it is not the local children's mental health collaborative, design, develop, and ensure implementation of an integrated service system and develop interagency agreements necessary to implement the system;

(4) expand membership to include representatives of other services in the local system of care including prepaid health plans under contract with the commissioner of human services to serve the mental health needs of children and families;

(5) create or designate a management structure for fiscal and clinical responsibility and outcome evaluation;

(6) spend funds generated by the local children's mental health collaborative as required in sections 245.491 to 245.496; and

(7) explore methods and recommend changes needed at the state level to reduce duplication and promote coordination of services including the use of uniform forms for reporting, billing, and planning of services.

Sec. 14. [245.4931] [INTEGRATED LOCAL SERVICE SYSTEM.]

The integrated service system established by the local children's mental health collaborative must:

(1) include a process for communicating to agencies in the local system of care eligibility criteria for services received through the local children's mental health collaborative and a process for determining eligibility. The process shall place strong emphasis on outreach to families, respecting the family role in identifying children in need, and valuing families as partners;

(2) include measurable outcomes, timelines for evaluating progress, and mechanisms for quality assurance and appeals;

(3) involve the family, and where appropriate the individual child, in developing multiagency service plans to the extent required in sections 120.17, subdivision 3a; 245.4871, subdivision 21; 245.4881, subdivision 4; 253B.03, subdivision 7; 257.071, subdivision 1; and 260.191, subdivision 1e;

(4) meet all standards and provide all mental health services as required in sections 245.487 to 245.4888, and ensure that the services provided are culturally appropriate;

(5) spend funds generated by the local children's mental health collaborative as required in sections 245.491 to 245.496;

(6) encourage public-private partnerships to increase efficiency, reduce redundancy, and promote quality of care; and

(7) ensure that, if the county participant of the local children's mental health collaborative is also a provider of child welfare targeted case management as authorized by the 1993 legislature, then federal reimbursement received by the county for child welfare targeted case management provided to children served by the local children's mental health collaborative must be directed to the integrated fund.

Sec. 15. [245.4932] [REVENUE ENHANCEMENT; AUTHORITY AND RESPONSIBILITIES.]

Subdivision 1. [PROVIDER RESPONSIBILITIES.] *The children's mental health collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:*

(1) the collaborative shall designate a lead county or other qualified entity as the fiscal agency for reporting, claiming, and receiving payments;

(2) the collaborative or lead county may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement;

(3) the collaborative must continue the base level of expenditures for services for children with emotional or behavioral disturbances and their families from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under sections 245.491 to 245.496, would have been available for those services.

The base year for purposes of this subdivision shall be the accounting period closest to state fiscal year 1993;

(4) the collaborative or lead county must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the contract;

(5) the collaborative shall pay the nonfederal share of the medical assistance costs for services designated by the collaborative;

(6) the lead county or other qualified entity may not use federal funds or local funds designated as matching for other federal funds to provide the nonfederal share of medical assistance.

Subd. 2. [COMMISSIONER'S RESPONSIBILITIES.] *(1) Notwithstanding sections 256B.19, subdivision 1, and 256B.0625, the commissioner shall be required to amend the state medical assistance plan to include as covered services eligible for medical assistance reimbursement, those services eligible for reimbursement under federal law or waiver, which a collaborative elects to provide and for which the collaborative elects to pay the nonfederal share of the medical assistance costs.*

(2) The commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the requirements of sections 245.493 to 245.496.

(3) The commissioner shall recover from the collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the collaborative's actions or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample.

Subd. 3. [PAYMENTS.] *Notwithstanding section 256.025, subdivision 2, payments under sections 245.493 to 245.496 to providers for wraparound service expenditures and expenditures for other services for which the collaborative elects to pay the nonfederal share of medical assistance shall only be made of federal earnings from services provided under sections 245.493 to 245.496.*

Subd. 4. [CENTRALIZED DISBURSEMENT OF MEDICAL ASSISTANCE PAYMENTS.] *Notwithstanding section 256B.041, and except for family community support services and therapeutic support of foster care, county payments for the cost of wraparound services and other services for which the collaborative elects to pay the nonfederal share, for reimbursement under medical assistance, shall not be made to the state treasurer. For purposes of wraparound services under sections 245.493 to 245.496, the centralized disbursement of payments to providers under section 256B.041 consists only of federal earnings from services provided under sections 245.493 to 245.496.*

Sec. 16. [245.494] [STATE LEVEL COORDINATION.]

Subdivision 1. [STATE COORDINATING COUNCIL.] *The state coordinating council, in consultation with the integrated fund task force, shall:*

(1) assist local children's mental health collaboratives in meeting the requirements of sections 245.491 to 245.496, by seeking consultation and technical assistance from national experts and coordinating presentations and assistance from these experts to local children's mental health collaboratives;

(2) assist local children's mental health collaboratives in identifying an economically viable initial target population;

(3) develop methods to reduce duplication and promote coordinated services including uniform forms for reporting, billing, and planning of services;

(4) by September 1, 1994, develop a model multiagency plan of care that can be used by local children's mental health collaboratives in place of an individual education plan, individual family community support plan, individual family support plan, and an individual treatment plan;

(5) assist in the implementation and operation of local children's mental health collaboratives by facilitating the integration of funds, coordination of services, and measurement of results, and by providing other assistance as needed;

(6) by July 1, 1993, develop a procedure for awarding start-up funds. Development of this procedure shall be exempt from chapter 14;

(7) develop procedures and provide technical assistance to allow local children's mental health collaboratives to integrate resources for children's mental health services with other resources available to serve children in the target population in order to maximize federal participation and improve efficiency of funding;

(8) ensure that local children's mental health collaboratives and the services received through these collaboratives meet the requirements set out in sections 245.491 to 245.496;

(9) identify base level funding from state and federal sources across systems;

(10) explore ways to access additional federal funds and enhance revenues available to address the needs of the target population;

(11) develop a mechanism for identifying the state share of funding for services to children in the target population and for making these funds available on a per capita basis for services provided through the local children's mental health collaborative to children in the target population. Each year beginning January 1, 1994, forecast the growth in the state share and increase funding for local children's mental health collaboratives accordingly;

(12) identify barriers to integrated service systems that arise from data practices and make recommendations including legislative changes needed in the data practices act to address these barriers; and

(13) annually review the expenditures of local children's mental health collaboratives to ensure that funding for services provided to the target population continues from sources other than the federal funds earned under sections 245.491 to 245.496 and that federal funds earned are spent consistent with sections 245.491 to 245.496.

Subd. 2. **[STATE COORDINATING COUNCIL REPORT.]** *Each year, beginning February 1, 1995, the state coordinating council must submit a report to the legislature on the status of the local children's mental health collaboratives. The report must include the number of local children's mental health collaboratives, the amount and type of resources committed to local*

children's mental health collaboratives, the additional federal revenue received as a result of local children's mental health collaboratives, the services provided, the number of children served, outcome indicators, the identification of barriers to additional collaboratives and funding integration, and recommendations for further improving service coordination and funding integration.

Subd. 3. **[DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.]**

The commissioner of human services, in consultation with the integrated fund task force, shall:

(1) beginning January 1, 1994, in areas where a local children's mental health collaborative has been established, based on an independent actuarial analysis, separate all medical assistance, general assistance medical care, and MinnesotaCare resources devoted to mental health services for children and their families including inpatient, outpatient, medication management, services under the rehabilitation option, and related physician services from the total health capitation from prepaid plans, including plans established under section 256B.69, for the target population as identified in section 245.492, subdivision 21, and develop guidelines for managing these mental health benefits that will require all contractors to:

(i) provide mental health services eligible for medical assistance reimbursement;

(ii) meet performance standards established by the commissioner of human services including providing services consistent with the requirements and standards set out in sections 245.487 to 245.4888 and 245.491 to 245.496;

(iii) provide the commissioner of human services with data consistent with that collected under sections 245.487 to 245.4888; and

(iv) in service delivery areas where there is a local children's mental health collaborative for the target population defined by local children's mental health collaborative:

(A) participate in the local children's mental health collaborative;

(B) commit resources to the integrated fund that are actuarially equivalent to resources received for the target population being served by local children's mental health collaboratives; and

(C) meet the requirements and the performance standards developed for local children's mental health collaboratives;

(2) ensure that any prepaid health plan that is operating within the jurisdiction of a local children's mental health collaborative and that is able to meet all the requirements under section 245.494, subdivision 3, paragraph (1), items (i) to (iv), shall have 60 days from the date of receipt of written notice of the establishment of the collaborative to decide whether it will participate in the local children's mental health collaborative; the prepaid health plan shall notify the collaborative and the commissioner of its decision to participate;

(3) develop a mechanism for integrating medical assistance resources for mental health service with resources for general assistance medical care, MinnesotaCare, and any other state and local resources available for services

for children and develop a procedure for making these resources available for use by a local children's mental health collaborative;

(4) gather data needed to manage mental health care including evaluation data and data necessary to establish a separate capitation rate for children's mental health services if that option is selected;

(5) by January 1, 1994, develop a model contract for providers of mental health managed care that meets the requirements set out in sections 245.491 to 245.496 and 256B.69, and utilize this contract for all subsequent awards, and before January 1, 1995, the commissioner of human services shall not enter into or extend any contract for any prepaid plan that would impede the implementation of sections 245.491 to 245.496;

(6) develop revenue enhancement or rebate mechanisms and procedures to certify expenditures made through local children's mental health collaboratives for services including administration and outreach that may be eligible for federal financial participation under medical assistance, including expenses for administration, and other federal programs;

(7) ensure that new contracts and extensions or modifications to existing contracts under section 256B.69 do not impede implementation of sections 245.491 to 245.496;

(8) provide technical assistance to help local children's mental health collaboratives certify local expenditures for federal financial participation, using due diligence in order to meet implementation timelines for sections 245.491 to 245.496 and recommend necessary legislation to enhance federal revenue, provide clinical and management flexibility, and otherwise meet the goals of local children's mental health collaboratives and request necessary state plan amendments to maximize the availability of medical assistance for activities undertaken by the local children's mental health collaborative;

(9) take all steps necessary to secure medical assistance reimbursement under the rehabilitation option for family community support services and therapeutic support of foster care, and for residential treatment and wraparound services when these services are provided through a local children's mental health collaborative;

(10) provide a mechanism to identify separately the reimbursement to a county for child welfare targeted case management provided to children served by the local collaborative for purposes of subsequent transfer by the county to the integrated fund; and

(11) where interested and qualified contractors are available, finalize contracts within 180 days of receipt of written notification of the establishment of a local children's mental health collaborative.

Subd. 4. [RULEMAKING.] *The commissioners of human services, health, and corrections, and the state board of education shall adopt or amend rules as necessary to implement sections 245.491 to 245.496.*

Subd. 5. [RULE MODIFICATION.] *By January 15, 1994, the commissioner shall report to the legislature the extent to which claims for federal reimbursement for case management as set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management are consistent with the number of children eligible to receive this service. The report shall also identify how the commissioner*

intends to increase the numbers of eligible children receiving this service, including recommendations for modifying rules or statutes to improve access to this service and to reduce barriers to its provision.

In developing these recommendations, the commissioner shall:

(1) review experience and consider alternatives to the reporting and claiming requirements, such as the rate of reimbursement, the claiming unit of time, and documenting and reporting procedures set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management;

(2) consider experience gained from implementation of child welfare targeted case management;

(3) determine how to adjust the reimbursement rate to reflect reductions in caseload size;

(4) determine how to ensure that provision of targeted child welfare case management does not preclude an eligible child's right, or limit access, to case management services for children with severe emotional disturbance as set out in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management;

(5) determine how to include cost and time data collection for contracted providers for rate setting, claims, and reimbursement purposes;

(6) evaluate the need for cost control measures where there is no county share; and

(7) determine how multiagency teams may share the reimbursement.

The commissioner shall conduct a study of the cost of county staff providing case management services under Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, as they pertain to mental health case management. If the average cost of providing case management services to children with severe emotional disturbance is determined by the commissioner to be greater than the average cost of providing child welfare targeted case management, the commissioner shall ensure that a higher reimbursement rate is provided for case management services under Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, to children with severe emotional disturbance. The total medical assistance funds expended for this service in the biennium ending in state fiscal year 1995 shall not exceed the amount projected in the state Medicaid forecast for case management for children with serious emotional disturbances.

Sec. 17. [245.495] [ADDITIONAL FEDERAL REVENUES.]

(a) Each local children's mental health collaborative shall report expenditures eligible for federal reimbursement in a manner prescribed by the commissioner of human services under section 256.01, subdivision 2, clause (17). The commissioner of human services shall pay all funds earned by each local children's mental health collaborative to the collaborative. Each local children's mental health collaborative must use these funds to expand the initial target population or to develop or provide mental health services through the local integrated service system to children in the target population. Funds may not be used to supplant funding for services to children in the target population.

For purposes of this section, "mental health services" are community-based, nonresidential services, which may include respite care, that are identified in the child's multiagency plan of care.

(b) The commissioner may set aside a portion of the federal funds earned under this section to repay the special revenue maximization account under section 256.01, subdivision 2, clause (15). The set-aside must not exceed five percent of the federal reimbursement earned by collaboratives and repayment is limited to:

(1) the costs of developing and implementing sections 245.491 to 245.496, including the costs of technical assistance from the departments of human services, education, health, and corrections to implement the children's mental health integrated fund;

(2) programming the information systems; and

(3) any lost federal revenue for the central office claim directly caused by the implementation of these sections.

(c) Any unexpended funds from the set-aside described in paragraph (b) shall be distributed to counties according to section 245.496, subdivision 2.

Sec. 18. [245.496] [IMPLEMENTATION.]

Subdivision 1. [APPLICATIONS FOR START-UP FUNDS FOR LOCAL CHILDREN'S MENTAL HEALTH COLLABORATIVES.] *By July 1, 1993, the commissioner of human services shall publish the procedures for awarding start-up funds. Applications for local children's mental health collaboratives shall be obtained through the commissioner of human services and submitted to the state coordinating council. The application must state the amount of start-up funds requested by the local children's mental health collaborative and how the local children's mental health collaborative intends on using these funds.*

Subd. 2. [DISTRIBUTION OF START-UP FUNDS.] *By October 1, 1993, the state coordinating council must ensure distribution of start-up funds to local children's mental health collaboratives that meet the requirements established in section 245.493 and whose applications have been approved by the council. The remaining appropriation for start-up funds shall be distributed by February 1, 1994. If the number of applications received exceed the number of local children's mental health collaboratives that can be funded, the funds must be geographically distributed across the state and balanced between the seven county metro area and the rest of the state. Preference must be given to collaboratives that include the juvenile court and correctional systems, multiple school districts, or other multiple government entities from the local system of care. In rural areas, preference must also be given to local children's mental health collaboratives that include multiple counties.*

Subd. 3. [SUBMISSION AND APPROVAL OF LOCAL COLLABORATIVE PROPOSALS FOR INTEGRATED SYSTEMS.] *By December 31, 1994, a local children's mental health collaborative that received start-up funds must submit to the state coordinating council its proposal for creating and funding an integrated service system for children in the target population. Within 60 days of receiving the local collaborative proposal the state coordinating council must review the proposal and notify the local children's mental health collaborative as to whether or not the proposal has been*

approved. If the proposal is not approved, the state coordinating council must indicate changes needed to receive approval.

Sec. 19. Minnesota Statutes 1992, section 245.652, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The regional treatment centers shall provide services designed to end a person's reliance on chemical use or a person's chemical abuse and increase effective and chemical-free functioning. Clinically effective programs must be provided in accordance with section 246.64. *Services may be offered on the regional center campus or at sites elsewhere in the catchment area served by the regional treatment center.*

Sec. 20. Minnesota Statutes 1992, section 245.652, subdivision 4, is amended to read:

Subd. 4. [SYSTEM LOCATIONS.] Programs shall be located in Anoka, Brainerd, Fergus Falls, ~~Moose Lake,~~ St. Peter, and Willmar *and may be offered at other selected sites.*

Sec. 21. Minnesota Statutes 1992, 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 adults with mental illness to meet licensing requirements pursuant to sections 245A.01 to 245A.16. ~~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 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~~ *These grants* shall *not* be used for room and board costs. *For calendar year 1994 and subsequent years, the commissioner shall allocate the money appropriated under this section on a calendar year basis.*

Sec. 22. Minnesota Statutes 1992, section 245.73, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] Grants made pursuant to this section shall finance 75 *to 100* percent of the county's costs of expanding or providing services for adult mentally ill persons in residential facilities as provided in subdivision 2.

Sec. 23. Minnesota Statutes 1992, section 245.73, is amended by adding a subdivision to read:

Subd. 5. [TRANSFER OF FUNDS.] *The commissioner may transfer money from adult mental health residential program grants to community support program grants under section 256E.12 if the county requests such a transfer and if the commissioner determines the transfer will help adults with mental illness to remain and function in their own communities. The commissioner shall consider past utilization of the residential program in determining which counties to include in the transferred fund.*

Sec. 24. Minnesota Statutes 1992, section 246.0135, is amended to read:

246.0135 [OPERATION OF REGIONAL TREATMENT CENTERS.]

(a) The commissioner of human services is prohibited from closing any regional treatment center or state-operated nursing home or any program at any of the regional treatment centers or state-operated nursing homes, without specific legislative authorization. For persons with mental retardation or related conditions who move from one regional treatment center to another regional treatment center, the provisions of section 256B.092, subdivision 10, must be followed for both the discharge from one regional treatment center and admission to another regional treatment center, except that the move is not subject to the consensus requirement of section 256B.092, subdivision 10, paragraph (b).

(b) Prior to closing or downsizing a regional treatment center, the commissioner of human services shall be responsible for assuring that community-based alternatives developed in response are adequate to meet the program needs identified by each county within the catchment area and do not require additional local county property tax expenditures.

(c) The nonfederal share of the cost of alternative treatment or care developed as the result of the closure of a regional treatment center, including costs associated with fulfillment of responsibilities under chapter 253B shall be paid from state funds appropriated for purposes specified in section 246.013.

(d) Counties in the catchment area of a regional treatment center which has been closed or downsized may not at any time be required to pay a greater cost of care for alternative care and treatment than the county share set by the commissioner for the cost of care provided by regional treatment centers.

(e) The commissioner may not divert state funds used for providing for care or treatment of persons residing in a regional treatment center for purposes unrelated to the care and treatment of such persons.

Sec. 25. Minnesota Statutes 1992, section 246.02, subdivision 2, is amended to read:

Subd. 2. The commissioner of human services shall act with the advice of the medical policy directional committee on mental health in the appointment and removal of the chief executive officers of the following institutions: Anoka-Metro Regional Treatment Center, Ah-Gwah-Ching Center, Fergus Falls Regional Treatment Center, ~~Moose Lake Regional Treatment Center, Oak Terrace Nursing Home, Rochester State Hospital,~~ St. Peter Regional Treatment Center *and Minnesota Security Hospital*, Willmar Regional Treatment Center, Faribault Regional Center, Cambridge Regional Human Services Center, ~~and~~ Brainerd Regional Human Services Center, *and until June 30, 1995, Moose Lake Regional Treatment Center, and after June 30, 1995, Minnesota Psychopathic Personality Treatment Center.*

Sec. 26. Minnesota Statutes 1992, section 246.151, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] Notwithstanding any law to the contrary, the commissioners of human services and veterans affairs are authorized to provide for the payment to patients or residents of state institutions under their management and control of such pecuniary compensation as ~~they may deem proper,~~ *required by the United States Department of Labor. Payment of subminimum wages shall meet all requirements of United*

States Department of Labor Regulations, Code of Federal Regulations, title 29, part 525. The amount of compensation ~~to depend~~ *depends* upon the quality and character of the work performed as determined by the commissioner and the chief executive officer~~, but in no case less than 25 percent of the minimum wage established~~ pursuant to section 177.24.

Sec. 27. [246B.01] [MINNESOTA PSYCHOPATHIC PERSONALITY TREATMENT CENTER; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to this chapter.*

Subd. 2. [COMMISSIONER.] *"Commissioner" means the commissioner of human services or the commissioner's designee.*

Subd. 3. [PSYCHOPATHIC PERSONALITY.] *"Psychopathic personality" has the meaning given in section 526.09.*

Sec. 28. [246B.02] [ESTABLISHMENT OF MINNESOTA PSYCHOPATHIC PERSONALITY TREATMENT CENTER.]

The commissioner of human services shall establish and maintain a secure facility located in Moose Lake. The facility shall be known as the Minnesota Psychopathic Personality Treatment Center. The facility shall provide care and treatment to 100 persons committed by the courts as psychopathic personalities, or persons admitted there with the consent of the commissioner of human services.

Sec. 29. [246B.03] [LICENSURE.]

The commissioner of human services shall apply to the commissioner of health to license the Minnesota Psychopathic Personality Treatment Center as a supervised living facility with applicable program licensing standards.

Sec. 30. [246B.04] [RULES; EVALUATION.]

The commissioner of human services shall adopt rules to govern the operation, maintenance, and licensure of the program established at the Minnesota Psychopathic Personality Treatment Center for persons committed as a psychopathic personality. The commissioner shall establish an evaluation process to measure outcomes and behavioral changes as a result of treatment compared with incarceration without treatment, to determine the value, if any, of treatment in protecting the public.

Sec. 31. Minnesota Statutes 1992, section 252.025, subdivision 4, is amended to read:

Subd. 4. [STATE-PROVIDED SERVICES.] (a) It is the policy of the state to capitalize and recapitalize the regional treatment centers as necessary to prevent depreciation and obsolescence of physical facilities and to ensure they retain the physical capability to provide residential programs. Consistent with that policy and with section 252.50, and within the limits of appropriations made available for this purpose, the commissioner may establish, by June 30, 1991, the following state-operated, community-based programs for the least vulnerable regional treatment center residents: at Brainerd regional services center, two residential programs and two day programs; at Cambridge regional treatment center, four residential programs and two day programs; at Faribault regional treatment center, ten residential programs and six day programs; at Fergus Falls regional treatment center, two residential programs and one day

program; at Moose Lake regional treatment center, four residential programs and two day programs; and at Willmar regional treatment center, two residential programs and one day program.

(b) By January 15, 1991, the commissioner shall report to the legislature a plan to provide continued regional treatment center capacity and state-operated, community-based residential and day programs for persons with developmental disabilities at Brainerd, Cambridge, Faribault, Fergus Falls, ~~Moose Lake,~~ St. Peter, and Willmar, as follows:

(1) by July 1, 1998, continued regional treatment center capacity to serve 350 persons with developmental disabilities as follows: at Brainerd, 80 persons; at Cambridge, 12 persons; at Faribault, 110 persons; at Fergus Falls, 60 persons; ~~at Moose Lake, 12 persons;~~ at St. Peter, 35 persons; at Willmar, 25 persons; and up to 16 crisis beds in the Twin Cities metropolitan area; and

(2) by July 1, 1999, continued regional treatment center capacity to serve 254 persons with developmental disabilities as follows: at Brainerd, 57 persons; at Cambridge, 12 persons; at Faribault, 80 persons; at Fergus Falls, 35 persons; ~~at Moose Lake, 12 persons;~~ at St. Peter, 30 persons; at Willmar, 12 persons, and up to 16 crisis beds in the Twin Cities metropolitan area. In addition, the plan shall provide for the capacity to provide residential services to 570 persons with developmental disabilities in 95 state-operated, community-based residential programs.

The commissioner is subject to a mandamus action under chapter 586 for any failure to comply with the provisions of this subdivision.

Sec. 32. Minnesota Statutes 1992, section 252.025, is amended by adding a subdivision to read:

Subd. 5. [SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS: MOOSE LAKE REGIONAL TREATMENT CENTER CATCHMENT AREA.] *Notwithstanding subdivision 4, the commissioner shall develop in the Moose Lake regional treatment center catchment area for persons with developmental disabilities at least 12 beds in state-operated waivered homes, eight state-operated crisis beds, one state-operated day training and habilitation facility, and 21 beds in other community settings. These services must be established by October 1, 1993, to serve persons relocated from the Moose Lake regional treatment center.*

These services shall be in addition to any state-operated, community services and day treatment centers in operation in the Moose Lake catchment area during state fiscal year 1993.

Sec. 33. Minnesota Statutes 1992, section 252.025, is amended by adding a subdivision to read:

Subd. 6. [DEVELOPMENT OF STATE-OPERATED SERVICES.] *Notwithstanding subdivision 4, during the biennium ending June 30, 1995, the commissioner shall establish the following services for persons with developmental disabilities:*

(1) by June 30, 1994, eight state-operated, community-based waivered homes located anywhere in the state for 32 persons and two state-operated day training and habilitation facilities for persons leaving regional treatment centers as a result of downsizing;

(2) by June 30, 1994, 16 state-operated, community-based waivered homes at Faribault for 64 persons, four state-operated day training and habilitation facilities, and 38 beds in community settings for persons leaving the Faribault regional treatment center;

(3) by June 30, 1995, 78 beds in private community settings for persons leaving the Faribault regional treatment center;

(4) by June 30, 1995, eight state-operated crisis beds in the Faribault regional treatment center catchment area;

(5) by June 30, 1994, private community-based beds located anywhere in the state to achieve a net reduction of 93 persons leaving regional treatment centers as a result of downsizing; and

(6) by June 30, 1995, nine state-operated waivered homes for 36 persons and two state-operated day training and habilitation facilities for persons leaving regional treatment centers as a result of downsizing, and sufficient beds in private community settings to achieve a net reduction of 84 beds in regional treatment centers.

Sec. 34. Minnesota Statutes 1992, section 252.50, is amended by adding a subdivision to read:

Subd. 2a. [USE OF ENHANCED WAIVERED SERVICES FUNDS.] *The commissioner may, within the limits of appropriations made available for this purpose, use enhanced waivered services funds under the home- and community-based waiver for persons with mental retardation or related conditions to move to state-operated community programs and to private facilities.*

Sec. 35. Minnesota Statutes 1992, section 253.015, subdivision 1, is amended to read:

Subdivision 1. [STATE HOSPITALS FOR PERSONS WITH MENTAL ILLNESS.] The state hospitals located at Anoka, Brainerd, Fergus Falls, ~~Moose Lake,~~ St. Peter, ~~and~~ Willmar, *and Moose Lake until June 30, 1995,* shall constitute the state hospitals for persons with mental illness, and shall be maintained under the general management of the commissioner of human services. The commissioner of human services shall determine to what state hospital persons with mental illness shall be committed from each county and notify the probate judge thereof, and of changes made from time to time. The chief executive officer of each hospital for persons with mental illness shall be known as the chief executive officer.

Sec. 36. Minnesota Statutes 1992, section 253.015, is amended by adding a subdivision to read:

Subd. 3. [SERVICES FOR PERSONS WITH MENTAL ILLNESS FROM MOOSE LAKE REGIONAL TREATMENT CENTER.] *(a) The commissioner shall develop the following services in the Moose Lake catchment area for patients with mental illness relocated from the Moose Lake regional treatment center and must promote a mix of state-operated and private services to include the following:*

(1) by September 1, 1994, services in community nursing facilities for 45 patients with mental illness;

(2) by December 1, 1994, 24 state-operated community service slots, which may be a combination of residential and crisis services, designed to serve persons with mental illness and at least 75 percent of these state-operated community service slots shall be residential services;

(3) by December 1, 1994, 16 service slots in other community settings; and

(4) by December 1, 1994, 25 inpatient psychiatric beds in community hospitals for adult patients who are acutely ill, particularly those under judicial commitment.

(b) By October 1, 1994, 15 inpatient acute care state-operated psychiatric beds in the Moose Lake catchment area;

(c) By July 1, 1995, the commissioner shall establish 60 beds at Brainerd regional human services center to serve persons with mental illness being relocated from the Moose Lake regional treatment center.

Sec. 37. Minnesota Statutes 1992, section 253.015, is amended by adding a subdivision to read:

Subd. 4. [SERVICES FOR PERSONS WITH TRAUMATIC BRAIN INJURY.] *By June 30, 1994, the commissioner shall develop 15 beds at Brainerd regional human services center for persons with traumatic brain injury, including patients relocated from the Moose Lake regional treatment center.*

Sec. 38. Minnesota Statutes 1992, section 253.202, is amended to read:

253.202 [MANAGEMENT.]

Notwithstanding the provisions of section 253.201, or any other law to the contrary, the Minnesota Security Hospital shall be under the administrative management of a hospital administrator, to be appointed by the commissioner of human services, who shall be a graduate of an accredited college giving a course leading to a degree in hospital administration, and the commissioner of human services, by rule, shall designate such colleges which in the commissioner's opinion give an accredited course in hospital administration. ~~The administrative management of the Minnesota Security Hospital shall not continue under the management of the superintendent of the St. Peter regional treatment center.~~ In addition to a hospital administrator, the commissioner of human services may appoint a licensed doctor of medicine as chief of the medical staff and the doctor shall be in charge of all medical care, treatment, rehabilitation, and research. This section is effective on July 1, 1963.

Sec. 39. Minnesota Statutes 1992, section 254.04, is amended to read:

254.04 [TREATMENT OF ~~INEBRIATES~~ *CHEMICALLY DEPENDENT PERSONS.*]

The commissioner of human services is hereby authorized to continue the treatment of ~~inebriates~~ *chemically dependent persons* at ~~the state hospital farm for inebriates~~ *Ah-Gwah-Ching and at the regional treatment centers* located at *Anoka, Brainerd, Fergus Falls, Moose Lake, St. Peter, and* Willmar ~~as now provided by law, and in addition thereto the commissioner is authorized to provide for the treatment of inebriates at the Moose Lake regional treatment center, but no inebriate shall be committed for treatment to either facility except as may be authorized and permitted by the commissioner of human services~~. *During the year ending June 30, 1994, the commissioner shall*

relocate, in the catchment area served by the Moose Lake regional treatment center, two state-operated off-campus programs designed to serve patients who are relocated from the Moose Lake regional treatment center. One program shall be a 35-bed program for women who are chemically dependent; the other shall be a 25-bed program for men who are chemically dependent. The facility space housing the Liberalis chemical dependency program (building C-35) and the men's chemical dependency program (4th floor main) may not be vacated until suitable off-campus space for the women's chemical dependency program of 35 beds and the men's chemical dependency program of 25 beds is located and clients and staff are relocated.

Sec. 40. Minnesota Statutes 1992, section 254.05, is amended to read:

254.05 [DESIGNATION OF STATE HOSPITALS.]

The state hospital ~~for the insane~~ located at Anoka shall hereafter be known and designated as the Anoka-metro regional treatment center; ~~the state hospital for the insane located at Hastings shall hereafter be known and designated as the Hastings state hospital;~~ the state hospital ~~for the insane and the hospital farm for inebriates~~ located at Willmar shall hereafter be known and designated as the Willmar regional treatment center; *until June 30, 1995,* the state hospital ~~for the insane~~ located at Moose Lake shall ~~hereafter~~ be known and designated as the Moose Lake regional treatment center; *after June 30, 1995, the newly established state facility at Moose Lake shall be known and designated as the Minnesota psychopathic personality treatment center;* the state hospital ~~for the insane~~ located at Fergus Falls shall hereafter be known and designated as the Fergus Falls regional treatment center; ~~the state hospital for the insane located at Rochester shall hereafter be known and designated as the Rochester state hospital;~~ and the state hospital ~~for the insane~~ located at St. Peter shall hereafter be known and designated as the St. Peter regional treatment center. Each of the foregoing state hospitals shall also be known by the name of regional center at the discretion of the commissioner of human services. The terms "human services" or "treatment" may be included in the designation.

Sec. 41. Minnesota Statutes 1992, section 256B.0625, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS CASE MANAGEMENT.] *(a)* To the extent authorized by rule of the state agency, medical assistance covers case management services to persons with serious and persistent mental illness or subject to federal approval, children with severe emotional disturbance. *Entities meeting program standards set out in rules governing family community support services as defined in section 245.4871, subdivision 17, are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subpart 6.*

(b) In counties where fewer than 50 percent of children estimated to be eligible under medical assistance to receive case management services for children with severe emotional disturbance actually receive these services in state fiscal year 1995, community mental health centers serving those counties, entities meeting program standards in Minnesota Rules, parts 9520.0570 to 9520.0870, and other entities authorized by the commissioner are eligible for medical assistance reimbursement for case management services for children with severe emotional disturbance when these services

meet the program standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subpart 6.

Sec. 42. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [FAMILY COMMUNITY SUPPORT SERVICES.] *Medical assistance covers family community support services as defined in section 245.4871, subdivision 17.*

Sec. 43. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 33. [THERAPEUTIC SUPPORT OF FOSTER CARE.] *Medical assistance covers therapeutic support of foster care as defined in section 245.4871, subdivision 34.*

Sec. 44. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 34. [WRAPAROUND SERVICES.] *Medical assistance covers wraparound services as defined in section 245.492, subdivision 20, that are provided through a local children's mental health collaborative, as that entity is defined in section 245.492, subdivision 11.*

Sec. 45. Laws 1991, chapter 292, article 6, section 54, is amended to read:

Sec. 54. [RULE REVISION.]

The commissioner must revise Minnesota Rules, parts 9545.0900 to 9545.1090, which govern facilities that provide residential services for children with emotional handicaps. The rule revisions must be adopted ~~within 12 months of the effective date of this section~~ *by January 1, 1994.*

Sec. 46. Laws 1991, chapter 292, article 6, section 57, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TASK FORCE.] The commissioner of human services shall convene a task force to study the feasibility of establishing an integrated children's mental health fund. The task force shall consist of mental health professionals, county social services personnel, service providers, advocates, and parents of children who have experienced episodes of emotional disturbance. The task force shall also include representatives of the children's mental health subcommittee of the state advisory council and local coordinating councils established under Minnesota Statutes, sections 245.487 to 245.4887. The task force shall include the commissioners of education, health, and human services; two members of the senate; and two members of the house of representatives. The task force shall examine all possible county, state, and federal sources of funds for children's mental health with a view to designing an integrated children's mental health fund, improving methods of coordinating and maximizing all funding sources, and increasing federal funding. Programs to be examined shall include, but not be limited to, the following: medical assistance, title IV-E of the social security act, title XX social service programs, chemical dependency programs, education and special education programs, and, for children with a dual diagnosis, programs for the developmentally disabled. The task force may consult with experts in the field, as necessary. ~~The task force shall make a preliminary report and recommendations on local coordination of funding sources by January 1, 1992, to facilitate the development of local protocols and procedures under~~

~~subdivision 2. The task force shall submit a final report to the legislature by January 1, 1993, with its findings and recommendations.~~ *By January 1, 1994, the task force shall provide a report to the legislature with recommendations of the task force for promoting integrated funding and services for children's mental health. The report must include the following recommendations: (1) how to phase in all delivery systems, including the juvenile court and correctional systems; (2) how to expand the initial target population so that the state eventually has a statewide integrated children's mental health service system that integrates funding regardless of source for children with emotional or behavioral disturbances or those at risk of suffering such disturbances; (3) proposed outcome measures for local children's mental health collaboratives; and (4) any necessary legislative changes in the data practices act.*

The task force shall continue through June 30, 1995, and shall advise and assist the state coordinating council and local children's mental health collaboratives as required in Minnesota Statutes, sections 245.491 to 245.496.

Sec. 47. Laws 1991, chapter 292, article 6, section 57, subdivision 3, is amended to read:

Subd. 3. [~~FINAL~~ REPORT.] By February 15, 1993, the commissioner of human services shall provide a report to the legislature that describes the reports and recommendations of the statewide task force under subdivision 1 and of the local coordinating councils under subdivision 2, and provides the commissioner's recommendations for legislation or other needed changes.

Sec. 48. [ADULT MENTAL HEALTH SERVICES AND FUNDING.]

Subdivision 1. [STATEWIDE TASK FORCE.] *The commissioner of human services shall convene a task force to study and make recommendations concerning adult mental health services and funding. The task force shall consist of the commissioners of health, jobs and training, corrections, and commerce, the director of the housing finance agency, two members of the house of representatives, and two members of the senate. The task force shall also include persons diagnosed with mental illness, family members of persons diagnosed with mental illness, mental health professionals, county social services personnel, public and private service providers, advocates for persons with mental illness, and representatives of the state advisory council established under Minnesota Statutes, section 245.697, and of the local advisory council established under Minnesota Statutes, section 245.466, subdivision 5. The task force must also include public employee representatives from each of the state regional treatment centers that treat adults with mental illness, the division of rehabilitative services, and county public employee bargaining units whose members serve adults with mental illness. Public employee representatives must be selected by their exclusive representatives. The commissioner of human services shall contract with a facilitator-mediator chosen by agreement of the members of the task force. The task force shall examine all possible county, state, and federal sources of funds for adult mental health with a view to improving methods of coordinating services and maximizing all funding sources and community support services, and increasing federal funding. Programs to be examined shall include, but not be limited to, the following: medical assistance, title XX social services programs, jobs and training programs, corrections programs, and housing programs. The task force may consult with experts in the field, as necessary. The task force shall make a preliminary report and recommendations on coordination of*

services and funding sources by January 1, 1994, to facilitate the development of local protocols and procedures under subdivision 2. The task force shall submit a final report to the legislature by January 1, 1995, with its findings and recommendations. Once this report has been submitted, the task force will expire.

Subd. 2. [DEVELOPMENT OF LOCAL PROTOCOLS AND PROCEDURES.] *(a) By January 1, 1994, each local adult mental health advisory council established under Minnesota Statutes, section 245.466, subdivision 5, may establish a task force to develop recommended protocols and procedures that will ensure that the planning, case management, and delivery of services for adults with severe mental illness are coordinated and make the most efficient and effective use of available funding. The task force must include, at a minimum, representatives of county medical assistance and mental health staff and representatives of state and county public employee bargaining units. The protocols and procedures must be designed to:*

(1) ensure that services to adults are adequately funded to meet the adult's needs;

(2) ensure that planning for services, case management, service delivery, and payment for services involves coordination of all affected agencies, providers, and funding sources; and

(3) maximize available funding by making full use of all available funding, including medical assistance.

(b) By June 1, 1994, each council may make recommendations to the statewide task force established under subdivision 1 regarding the feasibility and desirability of existing or proposed methods of service delivery and funding sources to ensure that services are tailored to the specific needs of each adult and to allow where feasible greater flexibility in paying for services.

(c) By June 1, 1994, each local advisory council may report to the commissioner of human services the council's findings and the recommended protocols and procedures. The council may also recommend legislative changes or rule changes that will improve local coordination and further maximize available funding.

Subd. 3. [FINAL REPORT.] *By February 15, 1995, the commissioner of human services shall provide a report to the legislature that describes the reports and recommendations of the statewide task force under subdivision 1 and of the local advisory councils under subdivision 2, and provides the commissioner's recommendations for legislation or other needed changes.*

Sec. 49. [MENTAL HEALTH SERVICES DELIVERY SYSTEM PILOT PROJECT IN DAKOTA COUNTY.]

Subdivision 1. [AUTHORIZATION FOR CONTINUATION OF PILOT PROJECT.] *(a) The previously authorized mental health services delivery system pilot project in Dakota county shall be continued for a two-year period commencing on July 1, 1993, and ending on June 30, 1995.*

(b) Dakota county shall receive a grant from the department of human services in the amount of $50,000 per year to pay related expenses associated with the pilot project during fiscal years 1994 and 1995.

Subd. 2. [AUTHORIZATION FOR INTEGRATED FUNDING OF STATE-SUPPORTED MENTAL HEALTH SERVICES.] *(a) The commissioner of human services shall establish an adult mental health services integrated fund for Dakota county to permit flexibility in expenditures based on local needs with local control.*

(b) The revenues and expenditures included in the integrated fund shall be as follows:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between Dakota county and the commissioner of human services after an examination of the county's historical utilization of Minnesota Rules, parts 9520.0500 to 9520.0690, facilities located both within and outside of the county;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) Anoka alternatives grant funds;

(4) housing support services grant funds;

(5) OBRA grant funds; and

(6) crisis foster homes grant funds.

(c) As part of the pilot project, Dakota county may study the feasibility of adding medical assistance, general assistance, general assistance medical care, and Minnesota supplemental aid to the integrated fund. The commissioner of human services, with the express consent of the Dakota county board of commissioners, may add medical assistance, general assistance, general assistance medical care, and Minnesota supplemental aid to the integrated fund.

(d) Dakota county must provide the commissioner of human services with timely and pertinent information about the county's adult mental health service delivery system through the following methods:

(1) submission of community social services act plans and plan amendments;

(2) submission of social service expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the county and the commissioner;

(3) compliance with the community mental health reporting system and with other state reporting systems necessary for the production of comprehensive statewide information;

(4) submission of the data on clients, services, costs, providers, human resources, and outcomes that the state needs in order to compile information on a statewide basis; and

(5) participation in semiannual meetings convened by the commissioner for the purpose of reviewing Dakota county's adult mental health program and assessing the impact of integrated funding.

(e) The commissioner of human services shall waive or modify any

administrative rules, regulations, or guidelines which are incompatible with the implementation of the integrated fund.

(f) The integrated fund may be subject to the following conditions and understandings.

(1) Dakota county may apply for any new or expanded mental health service funds which may become available in the future, on an equal basis with other counties.

(2) The integrated fund may be adjusted at least biennially to reflect any increase in the population of Dakota county, using a method to be determined by mutual agreement between the county and the commissioner of human services.

(3) If the level of state funding for mental health services in other counties is adjusted upward or downward, an adjustment at the equivalent rate shall be made to Dakota county's integrated fund, to the extent that the adjustment made elsewhere applies to the revenue and expenditure categories included in the integrated fund.

(4) Payments to Dakota county for the integrated fund shall be made in 12 equal installments per year at the beginning of each month, or by another method to be determined by mutual agreement between the county and the commissioner of human services.

(5) The commissioner of human services shall exempt Dakota county from fiscal and other sanctions for noncompliance with any requirements in state rules, regulations, or guidelines which are incompatible with the implementation of the integrated fund.

(6) The integrated fund may be discontinued for any reason by the Dakota county board of commissioners or the commissioner of human services, after 90 days' written notice to the other party.

(7) If the integrated fund is discontinued, any expenses incurred by Dakota county in order to resume full compliance with state rules, regulations, and guidelines, shall be covered by the state, to the extent allowed by rules and appropriation funding.

(8) The integrated fund shall be established on July 1, 1993, or later by mutual agreement between the county and the commissioner of human services.

(9) If any of the revenues included in the integrated fund are federal in origin, any federal requirements for the use and reporting of those funds shall remain in force, unless such requirements are waived or modified by the appropriate federal agency.

Sec. 50. [REPEALER, COUNTY GRANTS, FEDERAL BLOCK GRANTS.]

Minnesota Statutes 1992, sections 245.711 and 245.712, are repealed.

Sec. 51. [EFFECTIVE DATES.]

Subdivision 1. Section 49 is effective July 1, 1993.

Subd. 2. Section 10 is effective July 1, 1993.

Subd. 3. Sections 16, subdivision 1, clause (6), and 18, subdivision 1, are effective the day following final enactment.

Subd. 4. Section 41, paragraph (b), is effective October 1, 1995.

Subd. 5. Sections 42 and 43 are effective October 1, 1994.

Subd. 6. Section 44 is effective January 1, 1994.

ARTICLE 8

GROUP RESIDENTIAL HOUSING

Section 1. Minnesota Statutes 1992, section 256.025, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Base amount" means the calendar year 1990 county share of county agency expenditures for all of the programs specified in subdivision 2, *except for the programs in subdivision 2, clauses (4), (7), and (13). The 1990 base amount for subdivision 2, clause (4), shall be reduced by one-seventh for each county, and the 1990 base amount for subdivision 2, clause (7) shall be reduced by seven-tenths for each county, and those amounts in total shall be the 1990 base amount for group residential housing in subdivision 2, clause (13).*

(c) "County agency expenditure" means the total expenditure or cost incurred by the county of financial responsibility for the benefits and services for each of the programs specified in subdivision 2. The term includes the federal, state, and county share of costs for programs in which there is federal financial participation. For programs in which there is no federal financial participation, the term includes the state and county share of costs. The term excludes county administrative costs, unless otherwise specified.

(d) "Nonfederal share" means the sum of state and county shares of costs of the programs specified in subdivision 2.

(e) The "county share of county agency expenditures growth amount" is the amount by which the county share of county agency expenditures in calendar years 1991 to 2000 has increased over the base amount.

Sec. 2. Minnesota Statutes 1992, section 256.025, subdivision 2, is amended to read:

Subd. 2. [COVERED PROGRAMS AND SERVICES.] The procedures in this section govern payment of county agency expenditures for benefits and services distributed under the following programs:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants;

(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*; and*

(13) group residential housing under section 256I.05, subdivision 8, transferred from programs in clauses (4) and (7).

Sec. 3. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051, *or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06*; 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, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) who 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 is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 4. Minnesota Statutes 1992, section 256D.35, subdivision 3a, is amended to read:

Subd. 3a. [ASSISTANCE UNIT.] "Assistance unit" means the individual applicant or recipient *or an eligible applicant married couple or recipient married couple who live together.*

Sec. 5. Minnesota Statutes 1992, section 256D.44, subdivision 2, is amended to read:

Subd. 2. [STANDARD OF ASSISTANCE FOR SHELTER.] The state standard of assistance for shelter provides for the recipient's shelter costs. The monthly state standard of assistance for shelter must be determined according to paragraphs (a) to ~~(e)~~ *(f)*.

(a) If ~~the~~ *an applicant or* recipient does not reside with another person *or persons*, the state standard of assistance is the actual cost for shelter items or $124, whichever is less.

(b) ~~If the recipient resides with another person, the state standard of assistance is the actual costs for shelter items or $93, whichever is less.~~ *If an applicant married couple or recipient married couple, who live together, does not reside with others, the state standard of assistance is the actual cost for shelter items or $186, whichever is less.*

(c) ~~Actual shelter costs for applicants or recipients are determined by dividing the total monthly shelter costs by the number of persons who share the residence.~~ *If an applicant or recipient resides with another person or persons, the state standard of assistance is the actual cost for shelter items or $93, whichever is less.*

(d) If an applicant married couple or recipient married couple, who live together, resides with others, the state standard of assistance is the actual cost for shelter items or $124, whichever is less.

(e) Actual shelter costs for applicants or recipients, who reside with others, are determined by dividing the total monthly shelter costs by the number of persons who share the residence.

(f) Married couples, living together and receiving MSA on January 1, 1994, and whose eligibility has not been terminated for a full calendar month, are exempt from the standards in paragraphs (b) and (d).

Sec. 6. Minnesota Statutes 1992, section 256D.44, subdivision 3, is amended to read:

Subd. 3. [STANDARD OF ASSISTANCE FOR BASIC NEEDS.] The state standard of assistance for basic needs provides for the applicant's or recipient's maintenance needs, other than actual shelter costs. Except as provided in subdivision 4, the monthly state standard of assistance for basic needs is as follows:

(a) ~~For~~ *If* an applicant or recipient who does not reside with another person *or persons*, the state standard of assistance is ~~$305~~ *$371*.

(b) ~~For an individual who resides with another person or persons, the state standard of assistance is $242.~~ *If an applicant married couple or recipient married couple who live together, does not reside with others, the state standard of assistance is $557.*

(c) If an applicant or recipient resides with another person or persons, the state standard of assistance is $286.

(d) If an applicant married couple or recipient married couple who live together, resides with others, the state standard of assistance is $371.

(e) Married couples, living together and receiving MSA on January 1, 1994, and whose eligibility has not been terminated a full calendar month, are exempt from the standards in paragraphs (b) and (d).

Sec. 7. Minnesota Statutes 1992, section 256I.01, is amended to read:

256I.01 [CITATION.]

Sections 256I.01 to 256I.06 shall be cited as the "group residential housing ~~rate~~ act."

Sec. 8. Minnesota Statutes 1992, section 256I.02, is amended to read:

256I.02 [PURPOSE.]

The group residential housing ~~rate~~ act establishes a comprehensive system of rates and payments for persons who reside in a group residence and who meet the eligibility criteria ~~of the general assistance program under sections 256D.01 to 256D.21, or the Minnesota supplemental aid program under sections 256D.33 to 256D.54~~ *under section 256I.04, subdivision 1.*

Sec. 9. Minnesota Statutes 1992, section 256I.03, subdivision 2, is amended to read:

Subd. 2. [GROUP RESIDENTIAL HOUSING RATE.] "Group residential housing rate" means a monthly rate set for shelter, fuel, food, utilities, household supplies, and other costs necessary to provide room and board for *eligible* individuals ~~eligible for general assistance under sections 256D.01 to 256D.21 or supplemental aid under sections 256D.33 to 256D.54~~. Group residential housing rate does not include payments for foster care for children who are not blind, child welfare services, medical care, dental care, hospitalization, nursing care, drugs or medical supplies, program costs, or other social services. ~~However, the group residential housing rate for recipients living in residences in section 256I.05, subdivision 2, paragraph (c), clause (2), includes all items covered by that residence's medical assistance per diem rate.~~ The rate is negotiated by the county agency ~~or the state~~ according to the provisions of sections 256I.01 to 256I.06.

Sec. 10. Minnesota Statutes 1992, section 256I.03, subdivision 3, is amended to read:

Subd. 3. [GROUP RESIDENTIAL HOUSING.] "Group residential housing" means a group living situation that provides at a minimum room and board to unrelated persons who meet the eligibility requirements of section 256I.04. This definition includes foster care settings for a single adult. To receive payment for a group residence rate, the residence must ~~be licensed by either the department of health or human services and must comply with applicable laws and rules establishing standards for health, safety, and licensure. Secure crisis shelters for battered women and their children designated by the department of corrections are not group residences under this chapter~~ *meet the requirements under section 256I.04, subdivision 2a.*

Sec. 11. Minnesota Statutes 1992, section 256I.03, is amended by adding a subdivision to read:

Subd. 5. [MSA EQUIVALENT RATE.] *"MSA equivalent rate" means an amount equal to the total of:*

(1) the combined maximum shelter and basic needs standards for MSA recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a); and 3, paragraph (a); plus

(2) for persons who are not eligible to receive food stamps due to living arrangement, the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of July each year; less

(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.

The MSA equivalent rate is to be adjusted on the first day of July each year to reflect changes in any of the component rates under clauses (1) to (3).

Sec. 12. Minnesota Statutes 1992, section 256I.03, is amended by adding a subdivision to read:

Subd. 6. [MEDICAL ASSISTANCE ROOM AND BOARD RATE.] *"Medical assistance room and board rate" means an amount equal to the medical assistance income standard for a single individual living alone in the community less the medical assistance personal needs allowance under section 256B.35. For the purposes of this section, the amount of the group residential housing rate that exceeds the medical assistance room and board rate is considered a remedial care cost. A remedial care cost may be used to meet a spend down obligation under section 256B.056, subdivision 5. The medical assistance room and board rate is to be adjusted on the first day of January of each year.*

Sec. 13. Minnesota Statutes 1992, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. [*INDIVIDUAL* ELIGIBILITY REQUIREMENTS.] ~~To be eligible for a group residential housing payment, the individual must be eligible for general assistance under sections 256D.01 to 256D.21, or supplemental aid under sections 256D.33 to 256D.54. If the individual is in the group residence due to illness or incapacity, the individual must be in the residence under a plan developed or approved by the county agency. Residence in other group residences must be approved by the county agency.~~ *An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the county agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in paragraph (a) or (b).*

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of the supplemental security income program, and the individual's countable income after deducting the exclusions and disregards of the SSI program and the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

(b) The individual's resources are less than the standards specified by section 256D.08, and the individual's countable income as determined under sections 256D.01 to 256D.21, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

Sec. 14. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1a. [COUNTY APPROVAL.] *A county agency may not approve a group residential housing payment for an individual in any setting with a rate in excess of the MSA equivalent rate for more than 30 days in a calendar year*

unless the county agency has developed or approved a plan for the individual which specifies that:

(1) the individual has an illness or incapacity which prevents the person from living independently in the community; and

(2) the individual's illness or incapacity requires the services which are available in the group residence.

Sec. 15. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1b. [OPTIONAL STATE SUPPLEMENTS TO SSI.] *Group residential housing payments made on behalf of persons eligible under subdivision 1, paragraph (a), are optional state supplements to the SSI program.*

Sec. 16. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 1c. [INTERIM ASSISTANCE.] *Group residential housing payments made on behalf of persons eligible under subdivision 1, paragraph (b), are considered interim assistance payments to applicants for the federal SSI program.*

Sec. 17. Minnesota Statutes 1992, section 256I.04, subdivision 2, is amended to read:

Subd. 2. [DATE OF ELIGIBILITY.] ~~For a person living in a group residence who is eligible for general assistance under sections 256D.01 to 256D.21, payment shall be made from the date a signed application form is received by the county agency or the date the applicant meets all eligibility factors, whichever is later. For a person living in a group residence who is eligible for supplemental aid under sections 256D.33 to 256D.54, payment shall be made from the first of the month in which an approved application is received by a county agency.~~ *An individual who has met the eligibility requirements of subdivision 1, shall have a group residential housing payment made on the individual's behalf from the first day of the month in which a signed application form is received by a county agency, or the first day of the month in which all eligibility factors have been met, whichever is later.*

Sec. 18. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 2a. [LICENSE REQUIRED.] *A county agency may not enter into an agreement with an establishment to provide group residential housing unless:*

(1) the establishment is licensed by the department of health as a hotel and restaurant; a board and lodging establishment; a residential care home; a boarding care home before March 1, 1985; or a supervised living facility, and the service provider for residents of the facility is licensed under chapter 245A; or

(2) the residence is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265, or certified by a county human services agency prior to July 1, 1992, using the standards under Minnesota Rules, parts 9555.5050 to 9555.6265.

The requirements under clauses (1) and (2) do not apply to establishments

exempt from state licensure because they are located on Indian reservations and subject to tribal health and safety requirements.

Sec. 19. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 2b. [GROUP RESIDENTIAL HOUSING AGREEMENTS.] *Agreements between county agencies and providers of group residential housing must be in writing and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the department of health or the department of human services; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections.*

Sec. 20. Minnesota Statutes 1992, section 256I.04, is amended by adding a subdivision to read:

Subd. 2c. [CRISIS SHELTERS.] *Secure crisis shelters for battered women and their children designated by the Minnesota department of corrections are not group residences under this chapter.*

Sec. 21. Minnesota Statutes 1992, section 256I.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] *(a)* County agencies shall not enter into agreements for new ~~general assistance or Minnesota supplemental aid~~ group ~~residence~~ *residential* housing beds except: (1) ~~for adult foster homes licensed by the commissioner of human services under Minnesota Rules, parts 9555.5105 to 9555.6265~~ *for group residential housing establishments meeting the requirements of subdivision 2a, clause (2)*; (2) for ~~facilities~~ *group residential housing establishments* licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication. Planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b).

(b) A county agency may enter into a group residential housing agreement for beds in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The

transfer of available beds from one county to another can only occur by the agreement of both counties.

(c) Group residential housing beds which become available as a result of downsizing settings which have a license issued under Minnesota Rules, parts 9520.0500 to 9520.0690, must be permanently removed from the group residential housing census and not replaced.

Sec. 22. Minnesota Statutes 1992, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [~~MONTHLY~~ *MAXIMUM* RATES.] *(a)* Monthly ~~payments for~~ *room and board* rates negotiated by a county agency~~, or set by the department under rules developed pursuant to subdivision 6, on behalf of~~ *for* a recipient living in ~~a~~ group ~~residence~~ *residential housing* must ~~be paid at the rates in effect on June 30, 1991,~~ not ~~to~~ exceed ~~$966.37 for a group residence that entered into an initial group residential housing agreement with a county agency before June 1, 1989~~ *the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a room and board rate that exceeds the MSA equivalent rate by up to $426.37 for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:*

(1) that the secretary of health and human services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or

(2) that the secretary of health and human services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994, and the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner. The county agency may at any time negotiate a lower ~~payment~~ *room and board* rate than the rate that would otherwise be paid under this subdivision.

(b) The maximum monthly rate for an establishment that enters into an initial group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1994.

Sec. 23. Minnesota Statutes 1992, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [~~LOWER MAXIMUM~~ *SUPPLEMENTARY* RATES.] ~~(a) The maximum monthly rate for a general assistance or Minnesota supplemental aid group residence that enters into an initial group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under subdivision 1. This is effective until June 30, 1993, or until the statewide system authorized under subdivision 6 is established, whichever occurs first.~~

~~(b) The maximum monthly rate for a general assistance or Minnesota supplemental aid group residence that is neither licensed by nor registered with the Minnesota department of health, or licensed by the department of human services, to provide programs or services in addition to room and board is an amount equal to the total of:~~

~~(1) the combined maximum shelter and basic needs standards for Minnesota supplemental aid recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a), and 3, paragraph (a); plus~~

~~(2) for persons who are not eligible to receive food stamps due to living arrangements, the maximum allotment authorized by the federal food stamp program for a single individual which is in effect on the first day of July each year; less~~

~~(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.~~ *In addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed $426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human services to provide services in addition to room and board, and if the recipient of services is not also concurrently receiving services under a home and community-based waiver under title XIX of the Social Security Act or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the secretary of health and human services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency, and shall apply for a waiver if it is determined to be cost effective.*

Sec. 24. Minnesota Statutes 1992, section 256I.05, is amended by adding a subdivision to read:

Subd. 1c. [RATE INCREASES.] *A county agency may not increase the rates negotiated for group residential housing above those in effect on June 30, 1993, except:*

(a) A county may increase the rates for group residential housing settings to the MSA equivalent rate for those settings whose current rate is below the MSA equivalent rate.

(b) A county agency may increase the rates for residents in adult foster care whose difficulty of care has increased. The total group residential housing rate for these residents must not exceed the maximum rate specified in subdivisions 1 and 1a. County agencies must not include nor increase group residential housing difficulty of care rates for adults in foster care whose difficulty of care is eligible for funding by home and community-based waiver programs under title XIX of the Social Security Act.

(c) The room and board rates will be increased each year when the MSA equivalent rate is adjusted for SSI cost-of-living increases by the amount of the annual SSI increase, less the amount of the increase in the medical assistance personal needs allowance under section 256B.35.

(d) When a group residential housing rate is used to pay for an individual's room and board, or other costs necessary to provide room and board, the rate

payable to the residence must continue for up to 18 calendar days per incident that the person is temporarily absent from the residence, not to exceed 60 days in a calendar year, if the absence or absences have received the prior approval of the county agency's social service staff. Prior approval is not required for emergency absences due to crisis, illness or injury.

(e) For facilities meeting substantial change criteria within the prior year. Substantial change criteria exists if the group residential housing establishment experiences a 25 percent increase or decrease in the total number of its beds, if the net cost of capital additions or improvements is in excess of 15 percent of the current market value of the residence, or if the residence physically moves, or changes its licensure, and incurs a resulting increase in operation and property costs.

(f) Until June 30, 1994, a county agency may increase by up to five percent the total rate paid for recipients of assistance under sections 256D.01 to 256D.21 or 256D.33 to 256D.54 who reside in residences that are licensed by the commissioner of health as a boarding care home, but are not certified for the purposes of the medical assistance program. However, an increase under this clause must not exceed an amount equivalent to 65 percent of the 1991 medical assistance reimbursement rate for nursing home resident class A, in the geographic grouping in which the facility is located, as established under Minnesota Rules, parts 9549.0050 to 9549.0058.

Sec. 25. Minnesota Statutes 1992, section 256I.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RATES; EXEMPTIONS.] ~~(a)~~ The maximum group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690.

~~(b) The maximum group residential housing rate does not apply to a residence that on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a group residence under general assistance or Minnesota supplemental aid.~~

Sec. 26. Minnesota Statutes 1992, section 256I.05, subdivision 8, is amended to read:

Subd. 8. [STATE PARTICIPATION.] For a resident of a group residence who is eligible ~~for general assistance~~ under ~~sections 256D.01 to 256D.21~~ *section 256I.04, subdivision 1, paragraph (b)*, state participation in the group residential housing ~~rate~~ *payment* is determined according to section 256D.03, subdivision 2. For a resident of a group residence who is eligible under ~~sections 256D.33 to 256D.54~~ *section 256I.04, subdivision 1, paragraph (a)*, state participation in the group residential housing rate is determined according to section 256D.36.

Sec. 27. Minnesota Statutes 1992, section 256I.06, is amended to read:

256I.06 [PAYMENT METHODS.]

~~When a group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.01 to 256D.21, the Monthly payment may~~ *Subdivision 1.* [MONTHLY PAYMENTS.] *Monthly payments*

made on an individual's behalf for group residential housing must be issued as a voucher or vendor payment. ~~When a group residential housing rate is used to pay the room and board costs of a person eligible under sections 256D.33 to 256D.54, payments must be made to the recipient. If a recipient is not able to manage the recipient's finances, a representative payee must be appointed.~~

Subd. 2. [TIME OF PAYMENT.] *A county agency may make payments to a group residence in advance for an individual whose stay in the group residence is expected to last beyond the calendar month for which the payment is made and who does not expect to receive countable earned income during the month for which the payment is made. Group residential housing payments made by a county agency on behalf of an individual who is not expected to remain in the group residence beyond the month for which payment is made must be made subsequent to the individual's departure from the group residence. Group residential housing payments made by a county agency on behalf of an individual with earned income must be made subsequent to receipt of a monthly household report form.*

Subd. 3. [FILING OF APPLICATION.] *The county agency must immediately provide an application form to any person requesting group residential housing. Application for group residential housing must be in writing on a form prescribed by the commissioner. The county agency must determine an applicant's eligibility for group residential housing as soon as the required verifications are received by the county agency and within 30 days after a signed application is received by the county agency for the aged or blind or within 60 days for the disabled.*

Subd. 4. [VERIFICATION.] *The county agency must request, and applicants and recipients must provide and verify, all information necessary to determine initial and continuing eligibility and group residential housing payment amounts. If necessary, the county agency shall assist the applicant or recipient in obtaining verifications. If the applicant or recipient refuses or fails without good cause to provide the information or verification, the county agency shall deny or terminate eligibility for group residential housing payments.*

Subd. 5. [REDETERMINATION OF ELIGIBILITY.] *The eligibility of each recipient must be redetermined at least once every 12 months.*

Subd. 6. [REPORTS.] *Recipients must report changes in circumstances that affect eligibility or group residential housing payment amounts within ten days of the change. Recipients with earned income must complete a monthly household report form. If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for group residential housing payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for group residential housing payment effective the first day of the month the eligibility was terminated.*

Subd. 7. [DETERMINATION OF RATES.] *The county in which a group residence is located will determine the amount of group residential housing rate to be paid on behalf of an individual in the group residence regardless of the individual's county of financial responsibility.*

Subd. 8. [AMOUNT OF GROUP RESIDENTIAL HOUSING PAYMENT.] *The amount of a group residential housing payment to be made on behalf of an eligible individual is determined by subtracting the individual's countable income under section 256I.04, subdivision 1, for a whole calendar month from the group residential housing charge for that same month. The group residential housing charge is determined by multiplying the group residential housing rate times the period of time the individual was a resident or temporarily absent under section 256I.05, subdivision 1c, paragraph (d).*

Sec. 28. [TRANSFER OF GROUP RESIDENTIAL HOUSING FUNDS.]

Upon federal approval of payment under the home and community-based waiver provisions for room and board costs in addition to the MSA equivalent rate defined in Minnesota Statutes, section 256I.03, the commissioner of human services shall transfer anticipated group residential housing expenditures to the medical assistance account to meet the nonfederal share requirement of funding these additional costs as home and community-based services. Any transfer of group residential housing funds to the medical assistance account shall correspond to the increase in the waiver rates resulting from medical assistance payment for unusual room and board costs in excess of the MSA equivalent rate.

Sec. 29. [REPEALER.]

Minnesota Statutes 1992, sections 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; and 256I.051, are repealed.

Sec. 30. [EFFECTIVE DATES.]

Subdivision 1. Section 25 is effective July 1, 1994.

Subd. 2. Sections 1 to 3, 8, 9, 13 to 17, 22, 23, and 26 to 29 are effective July 1, 1994, contingent upon federal recognition that group residential housing payments qualify as optional state supplement payments to the supplemental security income program under title XVI of the Social Security Act and confer categorical eligibility for medical assistance under the state plan for medical assistance.

Subd. 3. Sections 4 to 6 are effective January 1, 1994.

Subd. 4. Implementation of section 12 is contingent upon approval by the Secretary of Health and Human Services of the definition and procedure contained in that section.

ARTICLE 9

HEALTH DEPARTMENT

Section 1. [115C.082] [LEAD FUND.]

Subdivision 1. [FUND ESTABLISHED.] *A lead fund is created in the state treasury. The fund consists of all revenue deposited in the fund under sections 115C.081 and 297E.01, subdivision 11, and all other money and interest made available to the fund by law.*

Subd. 2. [USES OF FUND.] *(a) Money in the lead fund may be appropriated for:*

(1) all lead programs administered by the commissioner of jobs and training;

(2) all lead activities and programs administered by the commissioner of health; and

(3) all lead programs administered by the commissioner of the housing finance agency.

(b) Money in the lead fund must be annually distributed for lead abatement as follows:

(1) 25 percent to the commissioner of health for lead activities and programs including contracting with community health boards;

(2) ten percent to the housing development fund for lead programs; and

(3) the remainder to the commissioner of jobs and training for lead abatement programs.

(c) In expending funds under this program, the commissioner of health shall abide by the following requirements:

(1) no funds shall be spent for lead screening unless the board of health or grantee meets the center for disease control proficiency requirements and the analytical requirements specified in section 144.873, subdivision 3. The commissioner may make grants that include providing the appropriate analytical equipment in order to meet this condition;

(2) no money shall be provided to boards of health who issue abatement orders inconsistent with the rules promulgated under section 144.878; and

(3) before issuing a contract to boards of health, outside a city of the first class, the commissioner of health shall evaluate the need and cost effectiveness of contracting for sanitarian and public health nurse services to determine whether the contract grant should be with an individual board of health, or a group of boards of health, or whether services should be delivered by the commissioner. Nothing in this provision is designed to restrict grants for lead education or lead screening.

Sec. 2. Minnesota Statutes 1992, section 116.76, subdivision 14, is amended to read:

Subd. 14. [PATHOLOGICAL WASTE.] "Pathological waste" means human tissues and body parts removed accidentally or during surgery or autopsy intended for disposal. ~~Pathological waste does not include teeth.~~

Sec. 3. Minnesota Statutes 1992, section 116.78, subdivision 4, is amended to read:

Subd. 4. [SHARPS.] Sharps, except those generated from a household or from a farm operation or agricultural business:

(1) must be placed in puncture-resistant containers;

(2) may not be compacted or mixed with other waste material whether or not the sharps are decontaminated unless it is part of an infectious waste decontamination process approved by the ~~commissioner of health or the~~ commissioner of the pollution control agency that will prevent exposure during transportation and disposal; and

(3) may not be disposed of at refuse-derived fuel facilities or at other facilities where waste is hand sorted.

Sec. 4. Minnesota Statutes 1992, section 116.78, subdivision 7, is amended to read:

Subd. 7. [COMPACTION AND MIXTURE WITH OTHER WASTES.] Infectious waste may not be compacted or mixed with other waste materials prior to incineration or disposal. Compaction is acceptable if it is part of an infectious waste system, approved by the ~~commissioner of health or the~~ commissioner of the pollution control agency, that is designed to prevent exposure during storage, transportation, and disposal.

Sec. 5. Minnesota Statutes 1992, section 116.79, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION OF MANAGEMENT PLANS.] (a) To the extent applicable to the facility, a person in charge of a facility that generates, stores, decontaminates, incinerates, or disposes of infectious or pathological waste must prepare a management plan for the infectious or pathological waste handled by the facility. A person may prepare a common management plan for all generating facilities owned and operated by the person. If a single plan is prepared to cover multiple facilities, the plan must identify common policy and procedures for the facilities and any management procedures that are facility specific. The plan must identify each generating facility covered by the plan. A management plan must list all physicians, dentists, chiropractors, podiatrists, veterinarians, certified nurse practitioners, certified nurse midwives, or physician assistants, employed by, under contract to, or working at the generating facilities, except hospitals or laboratories. A management plan from a hospital must list the number of licensed beds and from a laboratory must list the number of generating employees.

(b) The management plan must describe, to the extent the information is applicable to the facility:

(1) the type of infectious waste and pathological waste that the person generates or handles;

(2) the segregation, packaging, labeling, collection, storage, and transportation procedures for the infectious waste or pathological waste that will be followed;

(3) the decontamination or disposal methods for the infectious or pathological waste that will be used;

(4) the transporters and disposal facilities that will be used for the infectious waste;

(5) the steps that will be taken to minimize the exposure of employees to infectious agents throughout the process of disposing of infectious or pathological wastes; and

(6) the name of the individual responsible for the management of the infectious waste or pathological waste.

(c) The management plan must be kept at the facility.

(d) To the extent applicable to the facility, management plans must be accompanied by a statement of the quantity of infectious and pathological waste generated, decontaminated, stored, incinerated, or disposed of at the facility during the previous two-year period. Quantities shall be reported in

~~gallons or~~ pounds. ~~The commissioner of health shall prepare a summary of the quantities of infectious and pathological waste generated, by facility type.~~

(e) A management plan must be updated ~~and resubmitted~~ at least once every two years.

Sec. 6. Minnesota Statutes 1992, section 116.79, subdivision 4, is amended to read:

Subd. 4. [PLANS FOR STORAGE, DECONTAMINATION, INCINERATION, AND DISPOSAL FACILITIES.] (a) A person who stores, *incinerates*, or decontaminates infectious or pathological waste, other than at the facility where the waste was generated, or a person who incinerates ~~or disposes of~~ infectious or pathological waste *on site*, must submit a copy of the management plan to the commissioner of the pollution control agency with a fee of $225. The fee must be deposited in the state treasury and credited to the general fund. ~~A person who incinerates on site must submit an attachment to the generator's management plan detailing the incineration operation.~~

(b) The commissioner shall review the plans and may require a plan to be modified within 180 days after the plan is submitted if the commissioner determines that the plan is not consistent with state or federal law or that the plan is not adequate to minimize exposure of persons to the waste.

Sec. 7. Minnesota Statutes 1992, section 116.80, subdivision 1, is amended to read:

Subdivision 1. [TRANSFER OF INFECTIOUS WASTE.] (a) A generator may not transfer infectious waste to a commercial transporter unless the transporter is registered with the commissioner.

(b) A transporter may not deliver infectious waste to a facility prohibited to accept the waste.

(c) A person who is registered to transport infectious waste may not refuse waste generated from a facility that is properly packaged and labeled ~~as "infectious waste."~~.

Sec. 8. Minnesota Statutes 1992, section 116.80, subdivision 2, is amended to read:

Subd. 2. [PREPARATION OF MANAGEMENT PLANS.] (a) A commercial transporter in charge of a business that transports infectious waste must prepare a management plan for the infectious waste handled by the commercial transporter.

(b) The management plan must describe, to the extent the information is applicable to the commercial transporter:

(1) the type of infectious waste that the commercial transporter handles;

(2) the transportation procedures for the infectious waste that will be followed;

(3) the disposal facilities that will be used for the infectious waste;

(4) the steps that will be taken to minimize the exposure of employees to infectious agents throughout the process of transporting and disposing of infectious waste; and

(5) the name of the individual responsible for the transportation and management of the infectious waste.

(c) The management plan must be kept at the commercial transporter's principal place of business.

(d) Management plans must be accompanied by a statement of the quantity of infectious waste transported during the previous two-year period. Quantities shall be reported in ~~gallons or~~ pounds.

(e) A management plan must be updated and resubmitted at least once every two years.

(f) The commissioner shall review the plans and may require a plan to be modified within 180 days after the plan is submitted if the commissioner determines that the plan is not consistent with state or federal law or that the plan is not adequate to minimize exposure of persons to the waste.

Sec. 9. Minnesota Statutes 1992, section 116.81, subdivision 1, is amended to read:

Subdivision 1. [AGENCY RULES.] The agency, in consultation with the commissioner of health, may adopt rules to implement sections 116.76 to 116.82. ~~The agency has primary responsibility for rules relating to transportation of infectious waste and facilities storing, transporting, decontaminating, incinerating, and disposing of infectious waste.~~ The agency, before adopting rules affecting animals or research animal waste, must consult the commissioner of agriculture and the board of animal health.

Sec. 10. Minnesota Statutes 1992, section 116.82, subdivision 3, is amended to read:

Subd. 3. [LOCAL ENFORCEMENT.] Sections 116.76 to 116.81 may be enforced by a county by delegation of enforcement authority granted to the ~~commissioner of health and the~~ agency in section 116.83. Separate enforcement actions may not be brought by a state agency and a county for the same violations. The state or county may not bring an action that is being enforced by the federal Office of Safety and Health Administration.

Sec. 11. Minnesota Statutes 1992, section 116.83, subdivision 1, is amended to read:

Subdivision 1. [~~STATE RESPONSIBILITIES~~ *ENFORCEMENT AUTHORITY.*] The agency ~~or the commissioner of health~~ may enforce sections 116.76 to 116.81. ~~The commissioner of health is primarily responsible for enforcement involving generators. The agency is primarily responsible for enforcement involving other persons subject to sections 116.76 to 116.81.~~

Sec. 12. Minnesota Statutes 1992, section 116.83, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO INFORMATION AND PROPERTY.] Subject to section 144.651, the commissioner of the pollution control agency ~~or the commissioner of health~~ may on presentation of credentials, during regular business hours:

(1) examine and copy any books, records, memoranda, or data that is related to compliance with sections 116.76 to 116.81; and

(2) enter public or private property regulated by sections 116.76 to 116.81 for the purpose of taking an action authorized by this section including obtaining information and conducting investigations.

Sec. 13. [116.87] [DEFINITIONS.]

Subdivision 1. [RESIDENTIAL LEAD PAINT WASTE.] *"Residential lead paint waste" means waste produced by removing lead paint from the interior or exterior structure or the ground surface of a residence. Residential lead paint waste does not include:*

(1) lead paint waste removed with the aid of any chemical paint stripper; or

(2) lead paint waste that is mixed with water and that contains any free liquid.

Subd. 2. [RESIDENCE.] *The term "residence" has the meaning given in rules adopted under sections 144.871 to 144.879.*

Sec. 14. [116.88] [AUTHORIZED MANAGEMENT METHODS.]

Subdivision 1. [DISPOSAL.] *Notwithstanding any other law, a person who disposes of residential lead paint waste in the state may dispose of the waste at:*

(1) a land disposal facility that meets the requirements of Minnesota Rules, chapter 7045;

(2) a facility that meets the requirements for a new mixed municipal solid waste land disposal facility under Minnesota Rules, chapter 7035 that began operation after January 1, 1989;

(3) a demolition debris land disposal facility equipped with a clay or artificial liner and leachate collection system; or

(4) a solid waste incinerator ash landfill if disposal is approved by the commissioner in accordance with agency rules.

Subd. 2. [MANAGEMENT RESPONSIBILITY; NOT TRANSFERABLE TO OCCUPANT.] *(a) A person whose activities produce residential lead paint waste is responsible for the management and proper disposal of the waste.*

(b) When residential lead paint waste is produced by activities of a person other than the occupant of the residence from which the waste is removed, the person shall not leave the residential lead paint waste at that residence and shall not transfer responsibility for managing or disposing of the waste to the occupant.

Subd. 3. [WASTE PRODUCED BY OCCUPANT.] *Residential lead paint waste produced by activities of the occupant of the residence from which the waste is removed must be managed as provided by law for household hazardous waste.*

Subd. 4. [DEMOLITION DEBRIS.] *Residential lead paint waste attached to woodwork, walls, or other elements removed from the structure of a residence that constitute demolition debris may be disposed of at any permitted demolition debris land disposal facility.*

Sec. 15. [116.89] [PROHIBITED METHODS OF MANAGEMENT.]

Subdivision 1. [UNLINED LANDFILLS.] *Except as provided in section 116.88, subdivision 4, no person shall dispose of residential lead paint waste at an unlined land disposal facility.*

Subd. 2. [INCINERATION.] *No person shall send or accept residential lead paint waste for incineration by a mixed municipal solid waste incinerator.*

Sec. 16. [116.90] [RECYCLING AND TREATMENT.]

Nothing in sections 116.87 to 116.91 is intended to prevent or discourage treatment or recycling of residential lead paint waste. The commissioner shall encourage treatment and recycling of residential lead paint waste.

Sec. 17. [116.91] [ENFORCEMENT.]

Subdivision 1. [RULES.] *The Minnesota pollution control agency may adopt rules necessary to implement and enforce the provisions of sections 116.87 to 116.90, including rules to regulate the transportation, storage, disposal, and other management of residential lead paint waste after the waste leaves the site where it was produced.*

Subd. 2. [LICENSE REVOCATION.] *In addition to enforcement by the Minnesota pollution control agency, the commissioner of health may revoke the license of an abatement contractor that violates any provision of sections 116.87 to 116.90 or the rules adopted under subdivision 1.*

Sec. 18. Minnesota Statutes 1992, section 144.122, is amended to read:

144.122 [LICENSE AND PERMIT FEES.]

(a) The state commissioner of health, by rule, may prescribe reasonable procedures and fees for filing with the commissioner as prescribed by statute and for the issuance of original and renewal permits, licenses, registrations, and certifications issued under authority of the commissioner. The expiration dates of the various licenses, permits, registrations, and certifications as prescribed by the rules shall be plainly marked thereon. Fees may include application and examination fees and a penalty fee for renewal applications submitted after the expiration date of the previously issued permit, license, registration, and certification. The commissioner may also prescribe, by rule, reduced fees for permits, licenses, registrations, and certifications when the application therefor is submitted during the last three months of the permit, license, registration, or certification period. Fees proposed to be prescribed in the rules shall be first approved by the department of finance. All fees proposed to be prescribed in rules shall be reasonable. The fees shall be in an amount so that the total fees collected by the commissioner will, where practical, approximate the cost to the commissioner in administering the program. All fees collected shall be deposited in the state treasury and credited to the ~~general~~ *state government special revenue* fund unless otherwise specifically appropriated by law for specific purposes.

(b) The commissioner may charge a fee for voluntary certification of medical laboratories and environmental laboratories, and for environmental and medical laboratory services provided by the department, without complying with paragraph (a) or chapter 14. Fees charged for environment and medical laboratory services provided by the department must be approximately equal to the costs of providing the services.

(c) The commissioner may develop a schedule of fees for diagnostic evaluations conducted at clinics held by the services for children with

handicaps program. All receipts generated by the program are annually appropriated to the commissioner for use in the maternal and child health program.

(d) The commissioner, for fiscal years 1993 and beyond, shall set license fees for hospitals and nursing homes that are not boarding care homes at a level sufficient to recover, over a two-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

Joint Commission on Accreditation of Healthcare Organizations (JCAHO hospitals)	$2,142
Non-JCAHO hospitals	$2,228 plus $138 per bed
Nursing home	$324 plus $76 per bed

For fiscal years 1993 and beyond, the commissioner shall set license fees for outpatient surgical centers, boarding care homes, and supervised living facilities at a level sufficient to recover, over a four-year period, the deficit associated with the collection of license fees from these facilities. The license fees for these facilities shall be set at the following levels:

Outpatient surgical centers	$1,645
Boarding care homes	$249 plus $58 per bed
Supervised living facilities	$249 plus $58 per bed.

Sec. 19. Minnesota Statutes 1992, section 144.123, subdivision 1, is amended to read:

Subdivision 1. [WHO MUST PAY.] Except for the limitation contained in this section, the commissioner of health shall charge a handling fee for each specimen submitted to the department of health for analysis for diagnostic purposes by any hospital, private laboratory, private clinic, or physician. No fee shall be charged to any entity which receives direct or indirect financial assistance from state or federal funds administered by the department of health, including any public health department, nonprofit community clinic, venereal disease clinic, family planning clinic, or similar entity. The commissioner of health may establish by rule other exceptions to the handling fee as may be necessary to gather information for epidemiologic purposes. All fees collected pursuant to this section shall be deposited in the state treasury and credited to the ~~general~~ *state government special revenue* fund.

Sec. 20. Minnesota Statutes 1992, section 144.226, subdivision 2, is amended to read:

Subd. 2. [FEES TO ~~GENERAL~~ *STATE GOVERNMENT SPECIAL REVENUE* FUND.] Fees collected under this section by the state registrar shall be deposited to the ~~general~~ *state government special revenue* fund.

Sec. 21. Minnesota Statutes 1992, section 144.3831, subdivision 2, is amended to read:

Subd. 2. [COLLECTION AND PAYMENT OF FEE.] The public water supply described in subdivision 1 shall:

(1) collect the fees assessed on its service connections;

(2) pay the department of revenue an amount equivalent to the fees based on the total number of service connections. The service connections for each public water supply described in subdivision 1 shall be verified every four years by the department of health; and

(3) pay one-fourth of the total yearly fee to the department of revenue each calendar quarter. The first quarterly payment is due on or before September 30, 1992. In lieu of quarterly payments, a public water supply described in subdivision 1 with fewer than 50 service connections may make a single annual payment by June 30 each year, starting in 1993. The fees payable to the department of revenue shall be deposited in the state treasury as nondedicated ~~general~~ *state government special revenue* fund revenues.

Sec. 22. Minnesota Statutes 1992, section 144.802, subdivision 1, is amended to read:

Subdivision 1. [LICENSES; CONTENTS, CHANGES, AND TRANSFERS.] No natural person, partnership, association, corporation or unit of government may operate an ambulance service within this state unless it possesses a valid license to do so issued by the commissioner. The license shall specify the base of operations, primary service area, and the type or types of ambulance service for which the licensee is licensed. The licensee shall obtain a new license if it wishes to establish a new base of operation, or to expand its primary service area, or to provide a new type or types of service. A license, or the ownership of a licensed ambulance service, may be transferred only after the approval of the commissioner, based upon a finding that the proposed licensee or proposed new owner of a licensed ambulance service meets or will meet the requirements of section 144.804. If the proposed transfer would result in a change in or addition of a new base of operations, expansion of the service's primary service area, or provision of a new type or types of ambulance service, the commissioner shall require the prospective licensee or owner to comply with subdivision 3. The commissioner may approve the license or ownership transfer prior to completion of the application process described in subdivision 3 upon obtaining written assurances from the proposed licensee or proposed new owner that no change in the service's base of operations, expansion of the service's primary service area, or provision of a new type or types of ambulance service will occur during the processing of the application. The cost of licenses shall be in an amount prescribed by the commissioner pursuant to section 144.122. Licenses shall expire and be renewed as prescribed by the commissioner pursuant to section 144.122. *Fees collected shall be deposited to the trunk highway fund.*

Sec. 23. Minnesota Statutes 1992, section 144.8091, subdivision 1, is amended to read:

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 care course, or a continuing education course for basic emergency 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 ~~$350~~ *$450* for successful completion of a basic

course, and ~~$140~~ *$225* for successful completion of a continuing education course.

Sec. 24. Minnesota Statutes 1992, section 144.871, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT.] "Abatement" means removal of, replacement of, or encapsulation of deteriorated paint, bare soil, dust, drinking water, or other *lead-containing* materials that are or may become readily accessible during the *lead* abatement process and pose an immediate threat of actual lead exposure to people.

Sec. 25. Minnesota Statutes 1992, section 144.871, subdivision 6, is amended to read:

Subd. 6. [ELEVATED BLOOD LEAD LEVEL.] "Elevated blood lead level" in a child ~~no more than six years old~~ *before the sixth birthday* or in a pregnant woman means a blood lead level that exceeds the federal Centers for Disease Control guidelines for preventing lead poisoning in young children, unless the commissioner finds that a lower concentration is necessary to protect public health.

Sec. 26. Minnesota Statutes 1992, section 144.871, subdivision 7a, is amended to read:

Subd. 7a. [HIGH RISK FOR TOXIC LEAD EXPOSURE.] "High risk for toxic lead exposure" means ~~either~~ *a census tract that meets one or more of the following criteria*:

(1) ~~that~~ *a census tract where* elevated blood lead levels have been diagnosed in a population of children or pregnant women;

(2) ~~without blood lead data, that a population of children or pregnant women resides in:~~

~~(i)~~ a census tract with many residential structures known to have or suspected of having deteriorated *lead-based* paint; or

~~(ii)~~ *(3)* a census tract with a median soil lead concentration greater than 100 parts per million for any sample collected according to Minnesota Rules, part 4761.0400, subpart 8, and rules adopted under section 144.878; ~~or~~

~~(3) the priorities adopted by the commissioner under section 144.878, subdivision 2, shall apply to this subdivision~~.

Sec. 27. Minnesota Statutes 1992, section 144.871, subdivision 7b, is amended to read:

Subd. 7b. [PRIMARY PREVENTION FOR TOXIC LEAD EXPOSURE.] "Primary prevention for toxic lead exposure" ~~means performance of swab team services, encapsulation, and removal and replacement abatement, including lead cleanup and health education, before children develop elevated blood lead levels.~~ *includes any or all of the following:*

(1) education of the general public in populations where children under six years of age and pregnant women have been identified with blood lead levels greater than nine micrograms per deciliter;

(2) education for property owners and renters concerning in-place management of potential lead hazards to create lead-safe housing;

(3) in-place management of potential lead hazards using swab team services or property owner or renter lead abatement activities; and

(4) encapsulation, and removal and replacement abatement where necessary to make the residence lead safe.

Sec. 28. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 7c. [LEAD INSPECTOR.] *"Lead inspector" means a person who has successfully completed a training course in investigation of residences for possible sources of lead exposure and who is licensed by the commissioner under section 144.877 to perform this activity.*

Sec. 29. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 7d. [PERSON.] *"Person" has the meaning given in section 103I.005, subdivision 16.*

Sec. 30. Minnesota Statutes 1992, section 144.871, subdivision 9, is amended to read:

Subd. 9. [SWAB TEAM.] "Swab team" means a person or persons who implement in-place management of lead exposure sources~~, which includes~~. *Swab team services include any or all of the following:*

(1) ~~covering or replacing bare soil that has a lead concentration of 100 parts per million, and establishing safe exterior play and garden areas;~~ *removing lead dust by washing, vacuuming, and cleaning the interior of residential property;*

(2) *other means that immediately protect children who engage in mouthing or pica behavior from lead sources, including cleanup and health education, advice and assistance to help a family locate and move to a temporary lead-safe residence while abatement is being completed, or to help a family locate and move to alternate lead-safe housing when abatement is not completed by the property owner, and any other assistance necessary to meet the family's immediate needs as a result of the relocation;*

(3) removing loose paint and paint chips and installing guards to protect intact paint; *and*

~~(3) removing lead dust by washing, vacuuming, and cleaning the interior of residential property including carpets; and~~

(4) ~~other means, including cleanup and health education, that immediately protect children who engage in mouthing or pica behavior from lead sources~~ *covering or replacing bare soil that has a lead concentration of 100 parts per million, and establishing safe exterior play and garden areas.*

Sec. 31. Minnesota Statutes 1992, section 144.871, is amended by adding a subdivision to read:

Subd. 10. [VENOUS BLOOD SAMPLE.] *"Venous blood sample" means a quantity of blood drawn from a vein.*

Sec. 32. Minnesota Statutes 1992, section 144.872, subdivision 2, is amended to read:

Subd. 2. [HOME ASSESSMENTS.] *(a)* The commissioner shall, within available federal or state appropriations, contract with boards of health, who may determine priority for responding to cases of elevated blood lead levels, to conduct assessments to determine sources of lead contamination in the residences of pregnant women whose blood lead levels are at least ten micrograms per deciliter and of children whose blood lead levels are at least 20 micrograms per deciliter or whose blood lead levels persist in the range of 15 to 19 micrograms per deciliter for 90 days after initial identification to the board of health or the commissioner. Assessments must be conducted within five working days of the board of health receiving notice that the criteria in this subdivision have been met. *The commissioner or boards of health must be notified of all violations of standards under section 144.878, subdivision 2, that are identified during a home assessment.*

(b) The commissioner or boards of health must identify the known addresses for the previous 12 months of the child or pregnant woman with elevated blood lead levels and notify the property owners at those addresses. The commissioner may also collect information on the race, sex, and family income of children and pregnant women with elevated blood lead levels.

(c) Within the limits of appropriations, a board of health shall conduct home assessments for children and pregnant women whose confirmed blood lead levels are in the range of ten to 19 micrograms per deciliter.

(d) The commissioner shall also provide educational materials on all sources of lead to boards of health to provide education on ways of reducing the danger of lead contamination. The commissioner may provide laboratory or field lead testing equipment to a board of health or may reimburse a board of health for direct costs associated with assessments.

Sec. 33. Minnesota Statutes 1992, section 144.872, subdivision 3, is amended to read:

Subd. 3. [SAFE HOUSING.] The commissioner shall, *within the limits of available appropriations,* contract with boards of health for safe housing to be used in meeting relocation requirements in section 144.874, subdivision 4. The commissioner shall, within available federal or state appropriations, award grants to boards of health for the purposes of paying housing *and relocation* costs under section 144.874, subdivision 4.

Sec. 34. Minnesota Statutes 1992, section 144.872, subdivision 4, is amended to read:

Subd. 4. [LEAD CLEANUP EQUIPMENT AND MATERIAL GRANTS.] *(a)* Within the limits of available state or federal appropriations, funds shall be made available under a grant program to nonprofit community-based organizations in areas at high risk for toxic lead exposure. Grantees shall use the money to purchase lead cleanup equipment ~~and educational materials,~~ and to pay for training for staff and volunteers for lead abatement certification. Grantees may work with licensed lead abatement contractors and certified trainers *in order* to ~~meet the requirements of this program~~ *receive training necessary for certification under section 144.876, subdivision 1. Lead cleanup* equipment shall include: high efficiency particle accumulator and wet vacuum cleaners, drop cloths, secure containers, respirators, scrapers, dust and particle containment material, and other cleanup and containment materials to *remove loose paint and plaster,* patch ~~loose paint and~~ plaster,

control household dust, wax floors, clean carpets and sidewalks, and cover bare soil.

(b) Upon certification, the ~~grantees~~ *grantee's staff and volunteers* may make equipment and educational materials available to residents and property owners and instruct them on the proper use. Equipment shall be made available to low-income households on a priority basis *at no fee, and other households on a sliding fee scale. Equipment shall not be made available to any person, licensed lead abatement contractor, or certified trainer who charges or intends to charge a fee for services performed using equipment or materials purchased by a nonprofit community-based organization through a grant obtained under this subdivision.*

Sec. 35. Minnesota Statutes 1992, section 144.872, is amended by adding a subdivision to read:

Subd. 5. [SWAB TEAMS.] *Boards of health may determine priority for responding to cases of elevated blood lead levels.*

Sec. 36. Minnesota Statutes 1992, section 144.873, is amended to read:

144.873 [REPORTING OF MEDICAL AND ENVIRONMENTAL SAMPLE ANALYSES.]

Subdivision 1. [REPORT REQUIRED.] Medical laboratories performing blood lead analyses must report to the commissioner finger stick and venipuncture blood lead results and the method used to obtain these results. Boards of health must report to the commissioner the results of analyses from residential samples of paint, soil, dust, and drinking water. The commissioner shall require the date of the test, and the current address and birthdate of the patient, and other related information from medical laboratories and boards of health as may be needed to monitor and evaluate blood lead levels in the public. *If a clinic or physician sends a blood lead test to a medical laboratory outside of Minnesota, that clinic or physician must meet the reporting requirements under this subdivision.*

Subd. 2. [TEST OF CHILDREN IN HIGH RISK AREAS.] Within limits of available state and federal appropriations, the commissioner shall promote and subsidize a blood lead test of all children ~~under six years of age~~ *before the sixth birthday* who live in all areas of high risk for toxic lead exposure that are currently known or subsequently identified. Within the limits of available appropriations, the commissioner shall conduct surveys~~, especially soil assessments larger than a residence, as defined by the commissioner,~~ *to determine probable sources of lead exposure* in greater Minnesota communities where a case of elevated blood lead levels has been reported.

Surveys conducted under this subdivision must consist of evaluating census tracts to determine whether or not they are at high risk for toxic lead exposure. The evaluation shall consist of a priority response determination under section 144.878, subdivision 2a. In making this evaluation, the commissioner shall:

(1) conduct a soil survey in the manner provided for under Minnesota Rules, part 4761.0400, subpart 8; and

(2) evaluate housing quality, if data is available.

The commissioner may also conduct a blood lead screening of children under six years of age within the census tract.

Subd. 3. [STATEWIDE LEAD SCREENING.] Statewide lead screening by blood lead assays in conjunction with routine blood tests analyzed *by laboratories that meet the center for disease control laboratory proficiency standards*, by atomic absorption equipment, or other equipment with equivalent or better accuracy shall be ~~advocated~~ *used* by boards of health.

Sec. 37. Minnesota Statutes 1992, section 144.874, subdivision 1, is amended to read:

Subdivision 1. [RESIDENCE ASSESSMENT.] (a) A board of health must conduct a timely assessment of a residence *and all common areas, if the residence is located in a building with two or more residential units*, within five working days of receiving notification that the criteria in this subdivision have been met, *as confirmed by lead analysis of a venous blood sample*, to determine sources of lead exposure if:

(1) a pregnant woman in the residence is identified as having a blood lead level of at least ten micrograms of lead per deciliter of whole blood;

(2) a child in the residence is identified as having a blood lead level at or above 20 micrograms per deciliter; or

(3) *a child in the residence is identified as having* a blood lead level that persists in the range of 15 to 19 micrograms per deciliter for 90 days after initial identification.

(b) Within the limits of available state and federal appropriations, a board of health shall also conduct home assessments for children whose confirmed blood lead levels are in the range of ten to 19 micrograms per deciliter. *A board of health may assess a residence even if none of the three criteria in this subdivision are met.*

(c) If a child regularly spends several hours ~~per day~~ at *one or more other sites such as* another residence, ~~such as~~ *or* a residential *or commercial* child care facility, the board of health must also assess the other ~~residence~~ *sites. The board of health shall have one additional day to complete the assessment for each additional site.*

~~(b)~~ *(d)* The board of health must conduct the residential assessment according to rules adopted by the commissioner ~~according to~~ *under* section 144.878. *A board of health must have residence assessments performed by lead inspectors licensed by the commissioner according to rules adopted under section 144.878. A board of health may observe the performance of lead abatement in progress and may enforce the provisions of sections 144.871 to 144.879 under section 144.8781. The staff complement of the department of health shall be increased by two full-time equivalent positions who shall be lead inspectors.*

Sec. 38. Minnesota Statutes 1992, section 144.874, subdivision 2, is amended to read:

Subd. 2. [RESIDENTIAL LEAD ASSESSMENT GUIDE.] (a) The commissioner of health shall develop or purchase a residential lead assessment guide that enables parents *and other caregivers* to assess the possible lead sources present and that suggests *lead abatement* actions. The guide must provide information on safe abatement and disposal methods, sources of equipment, and telephone numbers for additional information to enable the

persons to either perform the abatement or to intelligently select an abatement contractor. In addition, the guide must:

(1) meet the requirements of Minnesota laws and rules;

(2) be understandable at *not more than* an eighth grade reading level;

(3) include information on all necessary safety precautions for all lead source cleanup; and

(4) be the best available educational material.

(b) A board of health must provide the residential lead assessment guide *at no cost* to:

(1) parents *and other caregivers* of children who are identified as having blood lead levels of at least ten micrograms per deciliter; and

(2) *all* property owners ~~and occupants~~ who are issued housing code orders requiring ~~disruption~~ *abatement* of lead sources, *and all occupants of those residences*.

(c) A board of health must provide the residential lead assessment guide on request to owners or ~~tenants~~ *occupants* of residential property within the jurisdiction of the board of health.

Sec. 39. Minnesota Statutes 1992, section 144.874, subdivision 3, is amended to read:

Subd. 3. [*SWAB TEAMS; LEAD ASSESSMENT; LEAD* ABATEMENT ORDERS.] A board of health must order a property owner to perform abatement on a lead source that exceeds a standard adopted according to section 144.878 at the residence of a child with an elevated blood lead level or a pregnant woman with a blood lead level of at least ten micrograms per deciliter. *Lead* abatement orders must require that any source of damage, such as leaking roofs, plumbing, and windows, must be repaired or replaced, as needed, to prevent damage to lead-containing interior surfaces. *The board of health is not required to pay for lead abatement.* With each *lead* abatement order, the board of health must *coordinate with swab team abatement and* provide a residential lead abatement guide.

Sec. 40. Minnesota Statutes 1992, section 144.874, is amended by adding a subdivision to read:

Subd. 3a. [SWAB TEAM SERVICES.] *After issuing abatement orders for a residence of a child or pregnant women with elevated blood lead levels, the commissioner or a board of health must send a swab team within five working days to the residence to perform swab team services as defined in section 144.871, subdivision 9. If the commissioner or board of health provides swab team services after an assessment, but before the issuance of an abatement order, swab team services do not need to be repeated after the issuance of an abatement order. Swab team services are not considered completed until the reassessment required under subdivision 6 shows no violation of one or more of the standards under section 144.878, subdivision 2. If assessments and abatement orders are conducted at times when weather or soil conditions do not permit the assessment or abatement of lead in soil, the residences shall have their soil assessed and abated, if necessary, at the first opportunity that weather and soil conditions allow.*

Sec. 41. Minnesota Statutes 1992, section 144.874, subdivision 4, is amended to read:

Subd. 4. [RELOCATION OF RESIDENTS.] *(a)* A board of health must ensure that residents are relocated from rooms or dwellings during abatement that generates leaded dust, such as removal or disruption of lead-based paint or plaster that contains lead. Residents must be allowed to return to the residence or dwelling after completion of abatement. A board of health shall use grant funds under section 144.872, subdivision 3, in cooperation with local housing agencies, to pay for moving costs *and rent for a temporary residence* for any low-income resident temporarily relocated during lead abatement~~, not to exceed $250 per household~~. *For purposes of this section, "low-income resident" means any resident whose gross household income is at or below 185 percent of the federal poverty level.*

(b) Any resident of rental property who is notified by the board of health to vacate the premises during lead abatement notwithstanding any rental agreement or lease provisions:

(1) shall not be required to pay rent due the landlord for the period of time the tenant must vacate the premises; and

(2) may elect to immediately terminate the tenancy effective on the date the tenant vacates the premises for lead abatement, and shall not be liable for any further rent or other charges due under the terms of the tenancy.

(c) A landlord of rental property in which tenants must vacate the premises during lead abatement must:

(1) allow a tenant to return to the dwelling after lead abatement and retesting, as required under subdivision 6, is completed unless the tenant has elected to terminate the tenancy under paragraph (b); and

(2) return any security deposit due under section 504.20 to any tenant who terminates tenancy under paragraph (b) within five days of the date the tenant vacates the unit.

Sec. 42. Minnesota Statutes 1992, section 144.874, subdivision 5, is amended to read:

Subd. 5. [WARNING NOTICE; *FINE.*] A warning notice must be posted on all entrances to properties for which an order to abate a lead source has been issued by a board of health. ~~This~~ *A person who unlawfully removes a warning notice posted under this section may be subject to a fine up to $250. The warning* notice must be at least 8-1/2 by 11 inches in size and must include the following language, or substantially similar language:

(a) "This property contains dangerous amounts of lead to which children under age six and pregnant women should not be exposed."

(b) "It is unlawful to remove or deface this warning. ~~This warning may be removed only upon the direction of the board of health.~~"

(c) "Persons who remove or deface this warning are subject to a $250 fine. This warning may be removed only upon the direction of the board of health."

Sec. 43. Minnesota Statutes 1992, section 144.874, subdivision 6, is amended to read:

Subd. 6. [*SERVICES AND* RETESTING REQUIRED.] After completion of *swab team services and* the abatement as ordered, *including any repairs ordered by a local housing or building inspector,* the board of health must retest the residence to assure the violations no longer exist. *The board of health is not required to test a residence after lead abatement that was not ordered by the board of health.*

Sec. 44. Minnesota Statutes 1992, section 144.874, subdivision 9, is amended to read:

Subd. 9. [PRIMARY PREVENTION.] Although children who are found to already have elevated blood lead levels must have the highest priority for intervention, the commissioner shall pursue primary prevention ~~of lead poisoning~~ *for toxic lead exposure* within the limits of appropriations.

Sec. 45. Minnesota Statutes 1992, section 144.874, is amended by adding a subdivision to read:

Subd. 11a. [LEAD ABATEMENT DIRECTIVES.] *In order to achieve statewide consistency in the application of lead abatement standards, the commissioner shall issue program directives that interpret the application of rules under section 144.878 in ambiguous or unusual lead abatement situations. These directives are guidelines to local boards of health. The commissioner shall periodically review the evaluation of lead abatement orders and the program directives to determine if the rules under section 144.878 need to be amended to reflect new understanding of lead abatement practices and methods.*

Sec. 46. Minnesota Statutes 1992, section 144.876, is amended by adding a subdivision to read:

Subd. 4. [NOTICE OF ABATEMENT.] *At least five days before starting work at each lead abatement worksite, a lead abatement contractor shall give written notice to the commissioner and the board of health.*

Sec. 47. [144.877] [LEAD INSPECTORS; LICENSING.]

Subdivision 1. [LICENSE REQUIRED.] *A lead inspector must obtain a license within 180 days of the effective date of this section and must renew it annually. The license must be readily available at assessment sites for inspection by the commissioner or by staff of a board of health with jurisdiction over a work site. A license cannot be transferred.*

Subd. 2. [LICENSE APPLICATION.] *An application for license or license renewal must be on a form provided by the commissioner and must include:*

(1) a $50 nonrefundable fee, in the form of a check;

(2) evidence that the applicant has successfully completed a lead inspector training course approved in subdivision 6, or has, within the previous 180 days, successfully completed an initial lead inspection training course.

The fee required in this subdivision is waived for an employee of a board of health.

Subd. 3. [LICENSE RENEWAL.] *A license is valid for one year from the issuance date unless the commissioner revokes it. An applicant must successfully complete either an initial lead inspection training course or an annual refresher lead inspection training course to apply for license renewal.*

Subd. 4. [LICENSE REPLACEMENT.] *A licensed lead inspector may obtain a replacement license by reapplying for a license. A replacement expires on the same date as the original license. A nonrefundable $25 fee is required with each replacement application.*

Subd. 5. [DENIAL OF LICENSE APPLICATION.] *The commissioner may deny an application, revoke, or impose limitations or conditions on a license, if the applicant or licensed lead inspector:*

(1) violates rules adopted under sections 144.871 to 144.879;

(2) submits an application that is incomplete, inaccurate, or lacks the required fee, or submits an invalid check;

(3) obtains a license, certificate, or approval through error, fraud, or cheating;

(4) provides false or fraudulent information on forms;

(5) aids or allows an unlicensed or uncertified person to engage in activities for which a license or certificate is required;

(6) endangers public health or safety;

(7) has been convicted during the previous five years of a felony or gross misdemeanor related to residential lead assessment or residential lead abatement; or

(8) has been convicted during the previous five years of a violation of section 270.72, 325F.69, or 325F.71.

An application for licensure that has been denied may be resubmitted when the reasons for denial have been corrected. A person whose license is revoked may not apply for a license within one year of the date of revocation. After one year, the application requirements must be followed by an applicant for a license, certificate, or course approval. An applicant who submits an approvable application within 60 days of initial denial is not required to pay a second fee.

Subd. 6. [APPROVAL OF LEAD INSPECTION COURSE.] *A lead inspection course sponsored by the United States Environmental Protection Agency is an approved course for the purpose of this section.*

Subd. 7. [LEAD INSPECTION; RULES.] *The commissioner may adopt rules to implement this section. The commissioner may also approve lead inspector courses offered by groups other than those approved by the United States Environmental Protection Agency and shall charge a fee to cover the costs of approving courses.*

Sec. 48. Minnesota Statutes 1992, section 144.878, subdivision 2, is amended to read:

Subd. 2. [LEAD STANDARDS AND ABATEMENT METHODS.] (a) The commissioner shall adopt rules establishing standards and abatement methods for lead in paint, dust, and drinking water in a manner that protects public health and the environment for all residences, including residences also used for a commercial purpose. ~~The commissioner shall adopt priorities for providing abatement services to areas defined to be at high risk for toxic lead exposure. In adopting priorities, the commission shall consider the number of children and pregnant women diagnosed with elevated blood lead levels and~~

~~the median concentration of lead in the soil. The commissioner shall give priority to areas having the largest population of children and pregnant women having elevated blood lead levels, areas with the highest median soil lead concentration, and areas where it has been determined that there are large numbers of residences that have deteriorating paint.~~ The commissioner shall differentiate between intact paint and deteriorating paint. The commissioner and political subdivisions shall require abatement of intact paint only if the commissioner or political subdivision finds that *the* intact paint is *on* a chewable or lead-dust producing surface that is a known source *or reasonably expected to be a source* of actual lead exposure to a specific person. In adopting rules under this subdivision, the commissioner shall require the best available technology for *lead* abatement methods, paint stabilization, and repainting.

(b) The commissioner of health shall adopt standards and abatement methods for lead in bare soil on playgrounds and residential property in a manner to protect public health and the environment. *The commissioner shall adopt a maximum standard of 100 parts of lead per million in bare soil, unless it is proven that a different standard provides greater protection of public health.*

(c) The commissioner of the pollution control agency shall adopt rules to ensure that removal of exterior lead-based coatings from residential property by abrasive blasting methods ~~and disposal of any hazardous waste are~~ *is* conducted in a manner that protects public health and the environment.

(d) All standards adopted under this subdivision must provide ~~adequate~~ *reasonable* margins of safety that are consistent with a detailed review of scientific evidence and an emphasis on overprotection rather than underprotection when the scientific evidence is ambiguous. The rules must apply to any individual performing or ordering the performance of lead abatement.

(e) No unit of local government may have an ordinance or regulation governing lead abatement methods for lead in paint, dust, or soil for residences and residential land that require a different lead abatement method than the lead abatement standards established under sections 144.871 to 144.879.

Sec. 49. Minnesota Statutes 1992, section 144.878, subdivision 2a, is amended to read:

Subd. 2a. [PRIORITIES FOR RESPONSE ACTION.] ~~By January 1, 1988,~~ The commissioner of health must adopt *new* rules establishing ~~the~~ *a* priority *list of census tracts at high risk for toxic lead exposure* for *primary prevention* response actions. ~~The rules must consider the potential for children's contact with the soil and the existing level of lead in the soil and may consider the relative risk to the public health, the size of the population at risk, and blood lead levels of resident populations.~~ *In establishing the list, the commissioner shall award points under this subdivision to each census tract on which information is available. The priority for primary prevention response actions in census tracts at high risk for toxic lead exposure shall be based on the cumulative points awarded to each census tract. A greater number of points means a higher priority. If a tie occurs in the number of points, priority shall be given to the census tract with the higher percentage of population with blood lead levels greater than ten micrograms of lead per deciliter. All local governmental units and boards of health shall follow the priorities under this subdivision. The commissioner shall revise and update the priority list at least*

every five years. Points shall be awarded to each census tract for each criteria, considered independently, defined in section 144.871, subdivision 7a. Points shall be awarded as follows:

(a) In a census tract where at least 20 children have been screened in the last five years, one point shall be awarded for each five percent of children who were under six years old at the time they were screened for lead in blood and whose blood lead level exceeds ten micrograms of lead per deciliter. An additional point shall be awarded if one percent of the children had blood levels greater than 20 micrograms per deciliter of blood. Two points shall be awarded to a census tract, where the blood lead screening has been inadequate, that is contiguous with a census tract where more than ten percent of the children under six years of age have blood lead levels exceeding ten micrograms per deciliter.

(b) One point shall be awarded for every five percent of housing that is defined as dilapidated or deteriorated by the planning department or similar agency of the city in which the housing is located. Where data is available by neighborhood or section within a city, the percent of dilapidated or deteriorated housing shall apply equally to each census tract within the neighborhood or section.

(c) One point shall be awarded for every 100 parts per million of lead soil, based on the median soil lead values of foundation soil samples, calculated on 100 parts per million intervals, or fraction thereof. For the cities of St. Paul and Minneapolis, the commissioner shall use the June 1988 census tract version of the houseside map entitled "Distribution of Household Lead Content of Soil Dust in the Twin Cities," prepared by the center for urban and regional affairs. Where the map displays a census tract that is crossed by two or more intervals, the commissioner shall make a reasoned determination of the median foundation soil lead value for that tract. Values for census tracts may be updated by surveying the tract according to the procedures under Minnesota Rules, part 4761.0400, subpart 8.

Sec. 50. Minnesota Statutes 1992, section 144.878, subdivision 5, is amended to read:

Subd. 5. [LEAD ABATEMENT CONTRACTORS AND EMPLOYEES.] The commissioner shall adopt rules to license *lead* abatement contractors, to certify employees of lead abatement contractors who perform abatement, and to certify lead abatement trainers who provide lead abatement training for contractors, employees, or other lead abatement trainers. ~~The rules must include standards and procedures for on-the-job training for swab teams.~~ *A person who performs painting, renovation, rehabilitation, remodeling, or other residential work that is not lead abatement need not be a licensed lead abatement contractor. By July 1, 1994, a person who performs work that removes intact paint on residences built before February 27, 1978, must determine whether lead sources are present and whether the planned work would be lead abatement as defined in section 144.871, subdivision 2. This determination may be made by quantitative chemical analysis, X-ray fluorescence analyzer, or chemical spot test using sodium rhodizonate. If lead sources are identified, the work must be performed by a licensed lead abatement contractor. An owner of an owner-occupied residence with one or two units is not subject to the requirements under this subdivision.* All lead abatement training must include a hands-on component and instruction on the health effects of lead exposure, the use of personal protective equipment,

workplace hazards and safety problems, abatement methods and work practices, decontamination procedures, cleanup and waste disposal procedures, lead monitoring and testing methods, and legal rights and responsibilities. *The commissioner shall adopt rules to approve lead abatement training courses and to charge a fee for approval.* At least 30 days before publishing initial notice of proposed rules under this subdivision on the licensing of lead abatement contractors, the commissioner shall submit the rules to the chairs of the health and human services committees in the house of representatives and the senate, and to any legislative committee on licensing created by the legislature.

Sec. 51. [144.8781] [ENFORCEMENT.]

Subdivision 1. [CEASE AND DESIST ORDER.] *(a) The commissioner may issue an order requiring a person to cease lead abatement if the commissioner determines that a condition exists that poses an immediate danger to the public health. For purposes of this subdivision, an immediate danger to the public health exists if the commissioner determines that:*

(1) lead abatement is being performed in a manner that violates applicable state or federal law or related rules;

(2) the person performing lead abatement is not currently licensed or certified as required by rules adopted under sections 144.871 to 144.879; or

(3) the lead abatement contractor has not given prior written notice required by section 144.876 to the commissioner and board of health.

(b) An order to cease lead abatement is effective for a maximum of 60 days. Following issuance of the order, the commissioner shall provide the contractor or individual with an opportunity for a hearing under the contested case provisions of chapter 14. Within ten days of the hearing, the commissioner shall decide whether to rescind, modify, or reissue the previous order. A modified or reissued order is effective for a maximum of 60 days from the date of modification or reissuance.

Subd. 2. [ORDER FOR CORRECTIVE ACTION.] *(a) The commissioner may issue an order requiring a person violating sections 144.871 to 144.879 or a rule adopted under sections 144.871 to 144.879 to take the corrective action the commissioner determines will accomplish the purpose of the project and prevent future violation. The order for corrective action shall state the conditions that constitute the violation, the specific statute or rule violated, and the time by which the violation must be corrected.*

(b) If the person believes that the information contained in the commissioner's order for corrective action is in error, the person may ask the commissioner to reconsider the parts of the order that are alleged to be in error. The request must be in writing, delivered to the commissioner by certified mail within five working days of receipt of the order, and:

(1) specify which parts of the order for corrective action are alleged to be in error;

(2) explain why they are in error; and

(3) provide documentation to support the allegation of error.

The commissioner shall respond to a request made under this subdivision within 15 working days after receipt of the request. A request for reconsid-

eration does not stay the order for corrective action but the commissioner may provide additional time to comply with the order after reviewing the request. The commissioner's disposition of a request for reconsideration is final.

Subd. 3. [INJUNCTIVE RELIEF.] *In addition to any other remedy provided by law, the commissioner may bring an action for injunctive relief in the district court in Ramsey county or, at the commissioner's discretion, in the district court in the county in which the lead abatement is being undertaken, to halt the work or an activity connected with it. A temporary restraining order or other injunctive relief may be granted by the court if continuation of the lead abatement or an activity connected with it would result in an imminent risk of harm to any person.*

Subd. 4. [PENALTIES.] *(a) A person who violates any of the requirements of sections 144.871 to 144.879 or any requirement, rule, or order issued under this section is subject to a civil penalty of not more than $5,000 per day of violation. Penalties may be recovered in a civil action in the name of the state brought by the attorney general.*

(b) The commissioner may issue an order assessing a penalty of not more than $5,000 per violation to any person who violates any of the requirements of sections 144.871 to 144.879 or any requirement, rule, or order issued under this section. A person subject to an administrative penalty order may request a contested case hearing under chapter 14 within 20 days from date of receipt of the penalty order. If the penalty order is not contested within 20 days of receipt, it becomes final and may not be contested.

(c) The amount of penalty shall be based on the past history of violations, the severity of violation, the culpability of the person, and other relevant factors.

(d) Penalties assessed under sections 144.871 to 144.879 shall be paid to the commissioner for deposit in the general fund. Unpaid penalties shall be increased to 125 percent of the original assessed amount if not paid within 60 days after the penalty order becomes final. After 60 days, interest shall accrue on the unpaid penalty balance at the rate established in section 549.09.

Subd. 5. [MISDEMEANOR PENALTY.] *A person is guilty of a misdemeanor and may be sentenced to payment of a fine of not more than $700, imprisonment for not more than 30 days, or both, for each violation if that person:*

(1) hinders or delays the commissioner or the commissioner's authorized representative in the performance of the duty to enforce sections 144.871 to 144.879;

(2) undertakes lead abatement without a current, valid license;

(3) refuses to make a license or certificate accessible to either the commissioner or the commissioner's authorized representative;

(4) employs a person to do lead abatement who does not have a valid certificate;

(5) fails to report lead abatement as required by section 144.876; or

(6) makes a false material statement related to a license, certificate, report, or other documents required under sections 144.871 to 144.879.

Subd. 6. [DISCRIMINATION.] *A person who discriminates against or otherwise sanctions an employee who complains to or cooperates with the commissioner in administering sections 144.871 to 144.879 is guilty of a misdemeanor.*

Sec. 52. Minnesota Statutes 1992, section 144.98, subdivision 5, is amended to read:

Subd. 5. [~~LABORATORY CERTIFICATION ACCOUNT~~ *STATE GOVERNMENT SPECIAL REVENUE FUND.*] ~~There is an account in the special revenue fund called the laboratory certification account.~~ Fees collected under this section ~~and appropriations for the purposes of this section~~ must be deposited in the ~~laboratory certification account. Money in the laboratory certification account is annually appropriated to the commissioner of health to administer this section~~ *state government special revenue fund.*

Sec. 53. Minnesota Statutes 1992, section 144A.04, subdivision 7, is amended to read:

Subd. 7. [MINIMUM NURSING STAFF REQUIREMENT.] Notwithstanding the provisions of Minnesota Rules, part 4655.5600, the minimum staffing standard for nursing personnel in certified nursing homes is as follows:

(a) The minimum number of hours of nursing personnel to be provided in a nursing home is the greater of two hours per resident per 24 hours or 0.95 hours per standardized resident day.

(b) For purposes of this subdivision, "hours of nursing personnel" means the paid, on-duty, productive nursing hours of all nurses and nursing assistants, calculated on the basis of any given 24-hour period. "Productive nursing hours" means all on-duty hours during which nurses and nursing assistants are engaged in nursing duties. Examples of nursing duties may be found in Minnesota Rules, parts 4655.5900, 4655.6100, and 4655.6400. Not included are vacations, holidays, sick leave, in-service classroom training, or lunches. Also not included are the nonproductive nursing hours of the in-service training director. In homes with more than 60 licensed beds, the hours of the director of nursing are excluded. "Standardized resident day" means the sum of the number of residents in each case mix class multiplied by the case mix weight for that resident class, as found in Minnesota Rules, part 9549.0059, subpart 2, calculated on the basis of a facility's census for any given day. *For the purpose of determining a facility's census, the commissioner of health shall exclude the resident days claimed by the facility for resident therapeutic leave or bed hold days.*

(c) Calculation of nursing hours per standardized resident day is performed by dividing total hours of nursing personnel for a given period by the total of standardized resident days for that same period.

(d) A nursing home that is issued a notice of noncompliance under section 144A.10, subdivision 5, for a violation of this subdivision, shall be assessed a civil fine of $300 for each day of noncompliance, subject to section 144A.10, subdivisions 7 and 8.

Sec. 54. [144C.01] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD AND INCENTIVE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *An ambulance service personnel longevity award and incentive program is established. The program is intended to recognize the service rendered to state and local government and the citizens of Minnesota by qualified ambulance service personnel, and to reward qualified ambulance service personnel for significant contributions to state and local government and to the public. The purpose of the ambulance service personnel longevity award and incentive trust is to accumulate resources to allow for the payment of longevity awards to qualified ambulance service personnel upon the completion of a substantial ambulance service career.*

Subd. 2. [ADMINISTRATION.] *(a) Unless paragraph (c) applies, consistent with the responsibilities of the state board of investment and the various ambulance services, the ambulance service personnel longevity award and incentive program must be administered by the commissioner of health. The administrative responsibilities of the commissioner of health for the program relate solely to the record keeping, award application, and award payment functions. The state board of investment is responsible for the investment of the ambulance service personnel longevity award and incentive trust. The applicable ambulance service is responsible for determining, consistent with this chapter, who is a qualified ambulance service person, what constitutes a year of credited ambulance service, what constitutes sufficient documentation of a year of prior service, and for submission of all necessary data to the commissioner of health in a manner consistent with this chapter. Determinations of an ambulance service are final.*

(b) The commissioner of health may administer the commissioner's assigned responsibilities regarding the program directly or may retain a qualified governmental or nongovernmental plan administrator under contract to administer those responsibilities regarding the program. A contract with a qualified plan administrator must be the result of an open competitive bidding process and must be reopened for competitive bidding at least once during every five-year period after the effective date of this section.

(c) The commissioner of employee relations shall review the options within state government for the most appropriate administration of pension plans or similar arrangements for emergency service personnel and recommend to the governor the most appropriate future pension plan or nonpension plan administrative arrangement for this chapter. If the governor concurs in the recommendation, the governor shall transfer the future administrative responsibilities relating to this chapter to that administrative agency.

Sec. 55. [144C.02] [PROGRAM ELIGIBILITY; QUALIFIED AMBULANCE SERVICE PERSONNEL.]

(a) Persons eligible to participate in the ambulance service personnel longevity award and incentive program are qualified ambulance service personnel.

(b) Qualified ambulance service personnel are ambulance attendants, ambulance drivers, and ambulance service medical directors or medical advisors who meet the following requirements:

(1) employment of the person by or provision by the person of service to an ambulance service that is licensed as such by the state of Minnesota and that provides ambulance services that are generally available to the public and are free of unfair discriminatory practices under chapter 363;

(2) performance by the person during the 12 months ending as of the immediately previous June 30 of all or a predominant portion of the person's services in the state of Minnesota or on behalf of Minnesota residents, as verified by August 1 annually in an affidavit from the chief administrative officer of the ambulance service;

(3) current certification of the person during the 12 months ending as of the immediately previous June 30 by the Minnesota department of health as an ambulance attendant, ambulance driver, or ambulance service medical director or medical advisor under section 144.804, and supporting rules, and current active ambulance service employment or service provision status of the person, as verified by August 1 annually in an affidavit from the chief administrative officer of the ambulance service; and

(4) conformance by the person with the definition of the phrase "volunteer ambulance attendant" under section 144.8091, subdivision 2, except that for the salary limit specified in that provision there must be substituted, for purposes of this section only, a limit of $3,000 for calendar year 1993, and $3,000 multiplied by the cumulative percentage increase in the national Consumer Price Index, all items, for urban wage earners and clerical workers, as published by the federal Department of Labor, Bureau of Labor Statistics, since December 31, 1993, and for an ambulance service medical director, conformance based solely on the person's hourly stipends or salary for service as a medical director.

(c) The term "active ambulance service employment or service provision status" means being in good standing with and on the active roster of the ambulance service making the certification.

(d) The maximum period of ambulance service employment or service provision for which a person may receive credit towards an award under this chapter, including prior service credit under section 144C.07, subdivision 2, paragraph (c), is 20 years.

(e) For a person who is employed by or provides service to more than one ambulance service concurrently during any period during the 12-month period, credit towards an award under this chapter is limited to one ambulance service during any period. The creditable period is with the ambulance service for which the person undertakes the greatest portion of employment or service hours.

Sec. 56. [144C.03] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD AND INCENTIVE TRUST; TRUST ACCOUNT.]

Subdivision 1. [TRUST.] *There is established an ambulance service personnel longevity award and incentive trust.*

Subd. 2. [TRUST ACCOUNT.] *There is established in the general fund an ambulance service personnel longevity award and incentive trust account. The trust account must be credited with appropriations for that purpose, and investment earnings on those accumulated proceeds. The assets and income of the trust account must be held and managed by the commissioner of finance and the state board of investment for the benefit of the state of Minnesota and its general creditors.*

Subd. 3. [PRIORITY OF CLAIMS.] *The state of Minnesota intends that this program, trust, and trust account not constitute a separate fund for any legal purpose, including the federal Internal Revenue Code, as amended, and*

the federal Employee Retirement Income Security Act of 1974, as amended. Qualified ambulance service personnel have only an unsecured promise of the state of Minnesota to pay a longevity award upon meeting entitlement requirements set forth in section 144C.08, and qualified ambulance service personnel meeting those entitlement requirements have the status of general unsecured creditors with respect to an ambulance service personnel longevity award, if and when awarded.

Sec. 57. [144C.05] [DISTRIBUTIONS FROM ACCOUNT.]

Subdivision 1. [AWARD PAYMENTS.] *(a) The commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall pay ambulance service personnel longevity awards to qualified ambulance service personnel determined to be entitled to an award under section 144C.08 by the commissioner based on the submissions by the various ambulance services. Amounts necessary to pay the ambulance service personnel longevity award are appropriated from the ambulance service personnel longevity award and incentive trust account to the commissioner of health.*

(b) If the state of Minnesota is unable to meet its financial obligations as they become due, the commissioner of health shall undertake all necessary steps to discontinue paying ambulance service personnel longevity awards until the state of Minnesota is again able to meet its financial obligations as they become due.

Subd. 2. [GENERAL CREDITORS OF THE STATE.] *The trust account is at all times subject to a levy under an execution of any general creditor of the state of Minnesota, and if no other funds are available to satisfy that levy, the levy has priority for payment from the trust account before any ambulance service personnel longevity award.*

Sec. 58. [144C.06] [TRUST ACCOUNT INVESTMENT.]

The trust account must be invested by the state board of investment, as provided in section 11A.20.

Sec. 59. [144C.07] [CREDITING QUALIFIED AMBULANCE PERSONNEL SERVICE.]

Subdivision 1. [SEPARATE RECORD KEEPING.] *The commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall maintain a separate record of potential award accumulations for each qualified ambulance service person under subdivision 2.*

Subd. 2. [POTENTIAL ALLOCATIONS.] *(a) On September 1, annually, the commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, shall determine the amount of the allocation of the prior year's accumulation to each qualified ambulance service person. The prior year's net investment gain or loss under paragraph (b) must be allocated and that year's appropriation, after deduction of administrative expenses, also must be allocated.*

(b) The difference in the market value of the assets of the ambulance service personnel longevity award and incentive trust account as of the immediately previous June 30 and the June 30 occurring 12 months earlier must be reported on or before August 15 by the state board of investment. The market value gain or loss must be expressed as a percentage of the total potential award accumulations as of the immediately previous June 30, and that

positive or negative percentage must be applied to increase or decrease the recorded potential award accumulation of each qualified ambulance service person.

(c) The appropriation for this purpose, after deduction of administrative expenses, must be divided by the total number of additional ambulance service personnel years of service recognized since the last allocation or 1,000 years of service, whichever is greater. A qualified ambulance service person must be credited with a year of service if the person is certified by the chief administrative officer of the ambulance service as having rendered active ambulance service during the 12 months ending as of the immediately previous June 30. If the person has rendered prior active ambulance service, the person must be additionally credited with one-fifth of a year of service for each year of active ambulance service rendered before June 30, 1993, but not to exceed in any year one additional year of service or to exceed in total five years of prior service. Prior active ambulance service means employment by or the provision of service to a licensed ambulance service before June 30, 1993, as determined by the person's current ambulance service based on records provided by the person that were contemporaneous to the service. The prior ambulance service must be reported on or before August 15 to the commissioner of health in an affidavit from the chief administrative officer of the ambulance service.

Sec. 60. [144C.08] [AMBULANCE SERVICE PERSONNEL LONGEVITY AWARD.]

(a) A qualified ambulance service person who has terminated active ambulance service, who has at least five years of credited ambulance service, who is at least 50 years old, and who is among the 400 persons with the greatest amount of credited ambulance service applying for a longevity award during that year, is entitled, upon application, to an ambulance service personnel longevity award. An applicant whose application is not approved because of the limit on the number of annual awards may apply in a subsequent year.

(b) If a qualified ambulance service person who meets the age and service requirements specified in paragraph (a) dies before applying for a longevity award, the estate of the decedent is entitled, upon application, to the decedent's ambulance service personnel longevity award, without reference to the limit on the number of annual awards.

(c) An ambulance service personnel longevity award is the total amount of the person's accumulations indicated in the person's separate record under section 144C.07 as of the August 15 preceding the application. The amount is payable only in a lump sum.

(d) Applications for an ambulance service personnel longevity award must be received by the commissioner of health or the commissioner's designee under section 144C.01, subdivision 2, by August 15, annually. Ambulance service personnel longevity awards are payable only as of the last business day in October annually.

Sec. 61. [144C.09] [EFFECT OF CHANGES.]

Subdivision 1. [MODIFICATIONS.] *The ambulance service personnel longevity award and incentive program is a gratuity established by the state of Minnesota and may be modified by subsequent legislative enactment at any*

time without creating any cause of action for any ambulance service personnel related to the program as a result. No provision of this act and no subsequent amendment may be interpreted as causing or resulting in the program to be funded for federal Internal Revenue Code or federal Employee Retirement Income Security Act of 1974 purposes, or as causing or resulting in any contributions to or investment income earned by the ambulance service personnel longevity award and incentive trust account to be subject to federal income tax to ambulance service personnel or their beneficiaries before actual receipt of a longevity award under section 144C.08.

Subd. 2. [NONASSIGNABILITY.] *No entitlement or claim of a qualified ambulance service person or the person's beneficiary to an ambulance service personnel longevity award is assignable, or subject to garnishment, attachment, execution, levy, or legal process of any kind, except as provided in section 518.58, 518.581, or 518.611. The commissioner of health may not recognize any attempted transfer, assignment, or pledge of an ambulance service personnel longevity award.*

Subd. 3. [PUBLIC EMPLOYEE STATUS.] *Recognizing the important public function performed by ambulance service personnel, only for purposes of this act and the receipt of a state sponsored gratuity in the form of an ambulance service personnel longevity award, all qualified ambulance service personnel are considered to be public employees.*

Sec. 62. [144C.10] [SCOPE OF ADMINISTRATIVE DUTIES.]

For purposes of administering the award and incentive program, the commissioner of health cannot hear appeals, direct ambulance services to take any specific actions, investigate or take action on individual complaints, or otherwise act on information beyond that submitted by the licensed ambulance services.

Sec. 63. Minnesota Statutes 1992, section 149.04, is amended to read:

149.04 [RENEWAL OF LICENSE.]

Any license may be renewed from time to time and shall be in force after such renewal for a period specified by the state commissioner of health upon the payment of a renewal fee in an amount prescribed by the commissioner pursuant to section 144.122.

All fees received under this chapter shall be paid by the state commissioner of health to the credit of the ~~general~~ *state government special revenue* fund in the state treasury. The salaries of the necessary employees of the commissioner, the per diem of the inspectors and examiners, their expenses, and all incidental expenses of the commissioner in carrying out the provisions of this chapter shall be paid from the appropriations made to the state commissioner of health, but no expense or claim shall be incurred or paid in excess of the amount received from the fees herein provided.

Sec. 64. Minnesota Statutes 1992, section 157.045, is amended to read:

157.045 [INCREASE IN FEES.]

For licenses issued for 1989 and succeeding years, the commissioner of health shall increase license fees for facilities licensed under this chapter and chapter 327 to a level sufficient to recover all expenses related to the licensing, inspection, and enforcement activities prescribed in those chapters. In calculating the fee increase, the commissioner shall include the salaries and

expenses of 5.5 new positions required to meet the inspection frequency prescribed in section 157.04. Fees collected must be deposited in the ~~special revenue account~~ *state government special revenue fund.*

Sec. 65. Minnesota Statutes 1992, section 198.34, is amended to read:

198.34 [DEPOSIT OF RECEIPTS.]

Federal money received by the board for the care of veterans in a veterans home, ~~after being credited to a federal receipt account, must be transferred to the general revenue fund in the state treasury~~ *must be deposited into a dedicated account in the state treasury and is appropriated to the veterans homes board of directors for the operational needs of the veterans homes and the board of directors.* Money paid to the board by a veteran or by another person on behalf of a veteran for care in a veterans home must be deposited in the state treasury ~~and credited to the general fund~~ *in a dedicated account and is appropriated to the veterans homes board of directors for the operational needs of the veterans homes and the board of directors.*

Sec. 66. [198.345] [VETERANS HOME; FERGUS FALLS.]

Subdivision 1. [ESTABLISHMENT.] *The board shall establish a veterans home in Fergus Falls to provide at least 60 beds for skilled nursing care in conformance with licensing rules of the department of health.*

Subd. 2. [FUNDING.] *The home must be purchased or built with funds, 65 percent of which must be provided by the federal government, and 35 percent by other nonstate sources, including local units of government, veterans' organizations, and corporations or other business entities.*

Subd. 3. [SUPPORT SERVICES.] *Upon request, the department of human services shall arrange for the extension of support services to the veterans home in Fergus Falls including, but not limited to, the provision of utilities, and kitchen and laundry services.*

Sec. 67. Minnesota Statutes 1992, section 214.04, subdivision 1, is amended to read:

Subdivision 1. [SERVICES PROVIDED.] The commissioner of administration with respect to the board of electricity, the commissioner of education with respect to the board of teaching, the commissioner of public safety with respect to the board of private detective and protective agent services, and the board of peace officer standards and training, and the commissioner of revenue with respect to the board of assessors, shall provide suitable offices and other space, joint conference and hearing facilities, examination rooms, and the following administrative support services: purchasing service, accounting service, advisory personnel services, consulting services relating to evaluation procedures and techniques, data processing, duplicating, mailing services, automated printing of license renewals, and such other similar services of a housekeeping nature as are generally available to other agencies of state government. Investigative services shall be provided the boards by employees of the office of attorney general. The commissioner of health with respect to the health-related licensing boards ~~and~~ *shall provide mailing and office supply services and may provide other facilities and services listed in this subdivision at a central location upon request of the health-related licensing boards.* The ~~chair of the department~~ *commissioner* of commerce with respect to the remaining non-health-related licensing boards shall provide the above facilities and services at a central location for the ~~health-related and~~

remaining non-health-related licensing boards. The legal and investigative services for the boards shall be provided by employees of the attorney general assigned to the departments servicing the boards. Notwithstanding the foregoing, the attorney general shall not be precluded by this section from assigning other attorneys to service a board if necessary in order to insure competent and consistent legal representation. Persons providing legal and investigative services shall to the extent practicable provide the services on a regular basis to the same board or boards.

Sec. 68. Minnesota Statutes 1992, section 214.06, subdivision 1, is amended to read:

Subdivision 1. [FEE ADJUSTMENT.] Notwithstanding any law to the contrary, the commissioner of health as authorized by section 214.13, all health-related licensing boards and all non-health-related licensing boards shall by rule, with the approval of the commissioner of finance, adjust any fee which the commissioner of health or the board is empowered to assess a sufficient amount so that the total fees collected by each board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.128. For members of an occupation registered after July 1, 1984, by the commissioner of health under the provisions of section 214.13, the fee established must include an amount necessary to recover, over a five-year period, the commissioner's direct expenditures for adoption of the rules providing for registration of members of the occupation. All fees received shall be deposited in the state treasury. Fees received by *the commissioner of health or* health-related licensing boards must be credited to *the health occupations licensing account in* the *state government* special revenue fund.

Sec. 69. Minnesota Statutes 1992, section 214.06, is amended by adding a subdivision to read:

Subd. 3. [HEALTH-RELATED LICENSING BOARDS.] *Notwithstanding section 14.22, subdivision 1, clause (3), a public hearing is not required to be held when the health-related licensing boards need to raise fees to cover anticipated expenditures in a biennium. The notice of intention to adopt the rules, as required under section 14.22, must state that no hearing will be held.*

Sec. 70. [214.103] [HEALTH-RELATED LICENSING BOARDS; COMPLAINTS; INVESTIGATION AND HEARING.]

Subdivision 1. [APPLICATION.] *For purposes of this section, "board" means "health-related licensing board" and does not include non-health-related licensing boards. Nothing in this section supersedes section 214.10, subdivisions 2a, 3, 8, and 9, as they apply to the health-related licensing boards.*

Subd. 2. [RECEIPT OF COMPLAINT.] *The boards shall receive and resolve complaints or other communications, whether oral or written, against regulated persons. Before resolving an oral complaint, the executive director or a board member designated by the board to review complaints may require the complainant to state the complaint in writing. The executive director or the designated board member shall determine whether the complaint alleges or implies a violation of a statute or rule which the board is empowered to enforce. The executive director or the designated board member may consult with the designee of the attorney general as to a board's jurisdiction over a*

complaint. If the executive director or the designated board member determines that it is necessary, the executive director may seek additional information to determine whether the complaint is jurisdictional or to clarify the nature of the allegations by obtaining records or other written material, obtaining a handwriting sample from the regulated person, clarifying the alleged facts with the complainant, and requesting a written response from the subject of the complaint.

Subd. 3. [REFERRAL TO OTHER AGENCIES.] *The executive director shall forward to another governmental agency any complaints received by the board which do not relate to the board's jurisdiction but which relate to matters within the jurisdiction of another governmental agency. The agency shall advise the executive director of the disposition of the complaint. A complaint or other information received by another governmental agency relating to a statute or rule which a board is empowered to enforce must be forwarded to the executive director of the board to be processed in accordance with this section.*

Subd. 4. [ROLE OF THE ATTORNEY GENERAL.] *The executive director or the designated board member shall forward a complaint and any additional information to the designee of the attorney general when the executive director or the designated board member determines that a complaint is jurisdictional and (1) requires investigation before the executive director or the designated board member may resolve the complaint; (2) that attempts at resolution for disciplinary action or the initiation of a contested case hearing is appropriate; (3) that an agreement for corrective action is warranted; or (4) that the complaint should be dismissed, consistent with subdivision 8.*

Subd. 5. [INVESTIGATION BY ATTORNEY GENERAL.] *If the executive director or the designated board member determines that investigation is necessary before resolving the complaint, the executive director shall forward the complaint and any additional information to the designee of the attorney general. The designee of the attorney general shall evaluate the communications forwarded and investigate as appropriate. The designee of the attorney general may also investigate any other complaint forwarded under subdivision 3 when the designee of the attorney general determines that investigation is necessary. In the process of evaluation and investigation, the designee shall consult with or seek the assistance of the executive director or the designated board member. The designee may also consult with or seek the assistance of other qualified persons who are not members of the board who the designee believes will materially aid in the process of evaluation or investigation. Upon completion of the investigation, the designee shall forward the investigative report to the executive director.*

Subd. 6. [ATTEMPTS AT RESOLUTION.] *(a) At any time after receipt of a complaint, the executive director or the designated board member may attempt to resolve the complaint with the regulated person. The available means for resolution include a conference or any other written or oral communication with the regulated person. A conference may be held for the purposes of investigation, negotiation, education, or conciliation. The results of attempts at resolution with the regulated person may include a recommendation to the board for disciplinary action, an agreement between the executive director or the designated board member and the regulated person for corrective action, or the dismissal of a complaint. If attempts at resolution are not in the public interest or are not satisfactory to the executive director*

or the designated board member, then the executive director or the designated board member may initiate a contested case hearing.

(1) The designee of the attorney general shall represent the board in all attempts at resolution which the executive director or the designated board member anticipate may result in disciplinary action. The available remedies for disciplinary action by consent with the regulated person are those listed in section 214.108, subdivision 4. A stipulation between the executive director or the designated board member and the regulated person shall be presented to the board for the board's consideration. An approved stipulation and resulting order shall become public data.

(2) The designee of the attorney general shall represent the board upon the request of the executive director or the designated board member in all attempts at resolution which the executive director or the designated board member anticipate may result in corrective action. Any agreement between the executive director or the designated board member and the regulated person for corrective action shall be in writing and shall be reviewed by the designee of the attorney general prior to its execution. The agreement for corrective action shall provide for dismissal of the complaint upon successful completion by the regulated person of the corrective action.

(b) Upon receipt of a complaint alleging sexual contact or sexual conduct with a client, the board must forward the complaint to the designee of the attorney general for an investigation. If, after it is investigated, the complaint appears to provide a basis for disciplinary action, the board shall resolve the complaint by disciplinary action or initiate a contested case hearing. Notwithstanding paragraph (a), clause (2), a board may not take corrective action or dismiss a complaint alleging sexual contact or sexual conduct with a client unless, in the opinion of the executive director, the designated board member, and the designee of the attorney general, there is insufficient evidence to justify disciplinary action.

Subd. 7. [CONTESTED CASE HEARING.] *If the executive director or the designated board member determines that attempts at resolution of a complaint are not in the public interest or are not satisfactory to the executive director or the designated board member, the executive director or the designated board member, after consultation with the designee of the attorney general, may initiate a contested case hearing under chapter 14. The designated board member or any board member who was consulted during the course of an investigation may participate at the contested case hearing. A designated or consulted board member may not deliberate or vote in any proceeding before the board pertaining to the case.*

Subd. 8. [DISMISSAL OF A COMPLAINT.] *A complaint may not be dismissed without the concurrence of two board members. The designee of the attorney general must review before dismissal any complaints which allege any violation of chapter 609, any conduct which would be required to be reported under section 626.556 or 626.557, any sexual contact or sexual conduct with a client, any violation of a federal law, any actual or potential inability to practice the regulated profession or occupation by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental or physical condition, any violation of state medical assistance laws, or any disciplinary action related to credentialing in another jurisdiction or country which was based on the same or related conduct specified in this subdivision.*

Subd. 9. [INFORMATION TO COMPLAINANT.] *A board shall furnish to a person who made a complaint a description of the actions of the board relating to the complaint.*

Subd. 10. [PROHIBITED PARTICIPATION BY BOARD MEMBER.] *A board member who has actual bias or a current or former direct financial or professional connection with a regulated person may not vote in board actions relating to the regulated person.*

Sec. 71. Minnesota Statutes 1992, section 256B.0625, subdivision 14, is amended to read:

Subd. 14. [DIAGNOSTIC, SCREENING, AND PREVENTIVE SERVICES.] *(a)* Medical assistance covers diagnostic, screening, and preventive services.

(b) "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance.

(c) "Screening services" include, but are not limited to, blood lead tests.

Sec. 72. Minnesota Statutes 1992, section 326.44, is amended to read:

326.44 [FEES PAID TO ~~GENERAL~~ *STATE GOVERNMENT SPECIAL REVENUE* FUND.]

All fees received under sections 326.37 to 326.45 shall be deposited by the state commissioner of health to the credit of the ~~general~~ *state government special revenue* fund in the state treasury. The salaries of the necessary employees of the commissioner and the per diem of the inspectors and examiners hereinbefore provided, their expenses and all incidental expenses of the commissioner in carrying out the provisions of sections 326.37 to 326.45, shall be paid, from the appropriations made to the state commissioner of health, but no expense or claim shall be incurred or paid in excess of the amount received from the fees herein provided.

Sec. 73. Minnesota Statutes 1992, section 326.75, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT OF FEES.] Fees collected under this section shall be deposited in the ~~general~~ *state government special revenue* fund.

Sec. 74. Minnesota Statutes 1992, section 462A.03, subdivision 15, is amended to read:

Subd. 15. [REHABILITATION.] "Rehabilitation" means the repair, reconstruction, or improvement of existing residential housing with the object of making such residential housing decent, safe, sanitary and more desirable to live in, of greater market value or in conformance with state, county, or city health, housing, building, fire prevention, and housing maintenance codes, and *lead and* other public standards applicable to housing, as determined by the agency.

Sec. 75. [REPEALER.]

Subdivision 1. [LEAD ABATEMENT.] *Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; and 144.878, subdivision 2a, are repealed.*

Subd. 2. [INFECTIOUS WASTE.] *Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; and 116.83, subdivision 2, are repealed.*

Minnesota Rules, parts 4622.0100; 4622.0300; 4622.0400; 4622.0600; 4622.0700; 4622.0900; 4622.1000; 4622.1050; 4622.1100; 4622.1150; and 4622.1200, are repealed.

Subd. 3. [MENTAL HEALTH PRACTICE EXPENSES.] *Minnesota Statutes 1992, section 148B.72, is repealed effective June 30, 1993.*

Subd. 4. [ADVISORY COUNCIL.] *Minnesota Statutes 1992, section 214.141, is repealed.*

Sec. 76. [EFFECTIVE DATE.]

Sections 1, 13 to 17, 24 to 51, 71, 74, and 75, subdivision 1, are effective the day following final enactment. Section 60 is effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivi-

sions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c."

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

Senate Conferees: (Signed) Don Samuelson, Linda Berglin, Pat Piper, Dick Day, Dallas C. Sams

House Conferees: (Signed) Lee Greenfield, Bob Anderson, Wayne Simoneau, Becky Lourey, Dave Gruenes

Mr. Samuelson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1496 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. 1496 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Morse	Sams
Anderson	Frederickson	Laidig	Murphy	Samuelson
Beckman	Hanson	Langseth	Neuville	Solon
Belanger	Hottinger	Larson	Novak	Spear
Berg	Janezich	Lesewski	Oliver	Stevens
Berglin	Johnson, D.E.	Lessard	Pappas	Stumpf
Bertram	Johnson, D.J.	Luther	Piper	Terwilliger
Betzold	Johnson, J.B.	Marty	Pogemiller	Vickerman
Chandler	Johnston	McGowan	Price	Wiener
Cohen	Kelly	Merriam	Ranum	
Day	Kiscaden	Metzen	Reichgott	
Dille	Knutson	Moe, R.D.	Riveness	
Finn	Krentz	Mondale	Runbeck	

Those who voted in the negative were:

Benson, D.D.	Benson, J.E.	Olson	Pariseau	Robertson

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, First Reading of House Bills and Reports of Committees.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 826, 441, 1141, 58, 141, 229, 567, 1036 and 406.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

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. 162: A bill for an act relating to retirement; increasing the individual retirement account plans employer contribution rate; amending Minnesota Statutes 1992, section 354B.04, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 354B.

Senate File No. 162 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Morse moved that the Senate concur in the amendments by the House to S.F. No. 162 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 162: A bill for an act relating to retirement; retirement coverage for state university and community college personnel; providing coverage for unclassified managerial employees in temporary, acting, or interim positions; providing default plan for employee selection; adding conforming language to clarify eligibility between plans; relating to the individual retirement account plan; increasing the employer contribution rate; providing for repayment of missed contributions; providing for administrative expenses; providing for contributions during period of sabbatical leave; permitting certain coverage transfers; relating to the supplemental retirement plan; providing conforming language for previous oversight of eligible members; relating to marriage dissolutions; providing alternate method of retirement asset distribution for individual retirement account plan; providing alternative coverage for certain state university and community college personnel; amending Minnesota Statutes 1992, sections 352D.02, subdivisions 1 and 1a; 354B.01, by adding a subdivision; 354B.02, subdivisions 1, 3a, and by adding a subdivision; 354B.04, subdivisions 1 and 2, and by adding a subdivision; 354B.05, by adding a subdivision; 356.24, subdivision 1; and 518.58, subdivision 4; and Laws 1990, chapter 570, articles 3, section 11, and 10, section 7; proposing coding for new law in Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1992, section 354B.02, 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Mondale	Riveness
Anderson	Finn	Kroening	Morse	Robertson
Beckman	Flynn	Laidig	Murphy	Runbeck
Belanger	Frederickson	Langseth	Neuville	Sams
Benson, D.D.	Hanson	Larson	Novak	Samuelson
Benson, J.E.	Hottinger	Lesewski	Oliver	Solon
Berg	Janezich	Lessard	Olson	Spear
Berglin	Johnson, D.E.	Luther	Pappas	Stevens
Bertram	Johnson, J.B.	Marty	Pariseau	Stumpf
Betzold	Johnston	McGowan	Piper	Terwilliger
Chandler	Kelly	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener
Day	Knutson	Moe, R.D.	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. 192: A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Aitkin county.

Senate File No. 192 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

Mr. Moe, R.D. moved that S.F. No. 192 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. 207: A bill for an act relating to occupations and professions; boards of social work and marriage and family therapy; providing for data classifications and providing certain immunities for supervisors and persons reporting violations; changing board membership; adding certain licensing requirements to the board of social work; amending Minnesota Statutes 1992, sections 13.99, subdivision 49; 148B.04, by adding a subdivision; 148B.08, subdivision 1, and by adding a subdivision; 148B.18, subdivisions 8 and 10; 148B.19, subdivisions 1 and 2; 148B.21, subdivisions 3, 4, 5, 6, and by adding a subdivision; 148B.26, subdivision 1; 148B.27, by adding a subdivision; and 148B.28, subdivision 2.

Senate File No. 207 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Finn moved that the Senate concur in the amendments by the House to S.F. No. 207 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 207: A bill for an act relating to occupations and professions; boards of social work and marriage and family therapy; providing for data classifications; changing board membership; adding certain licensing requirements to the board of social work; amending Minnesota Statutes 1992, sections 13.99, subdivision 49; 148B.04, by adding a subdivision; 148B.08, subdivision 1; 148B.18, subdivisions 8 and 10; 148B.19, subdivisions 1 and

2; 148B.21, subdivisions 3, 4, 5, 6, and by adding a subdivision; 148B.26, subdivision 1; 148B.27, by adding a subdivision; and 148B.28, 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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. 235: A bill for an act relating to state lands; authorizing release of a reversionary interest in certain state lands conveyed to the city of St. Peter.

Senate File No. 235 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Frederickson moved that the Senate concur in the amendments by the House to S.F. No. 235 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 235 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Murphy	Robertson
Anderson	Flynn	Laidig	Neuville	Runbeck
Beckman	Frederickson	Langseth	Novak	Sams
Belanger	Hanson	Larson	Oliver	Samuelson
Benson, J.E.	Hottinger	Lesewski	Olson	Solon
Berg	Janezich	Lessard	Pappas	Spear
Berglin	Johnson, D.E.	Luther	Pariseau	Stevens
Bertram	Johnson, D.J.	Marty	Piper	Stumpf
Betzold	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chandler	Johnston	Merriam	Price	Vickerman
Cohen	Kelly	Metzen	Ranum	Wiener
Day	Kiscaden	Moe, R.D.	Reichgott	
Dille	Knutson	Morse	Riveness	

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. 262: A bill for an act relating to the city of Saint Paul; authorizing the city by ordinance to prepare, adopt, and amend design districts and design framework, to establish a design advisory committee, and to establish design review procedures to preserve and enhance the city's appearance and environmental quality.

Senate File No. 262 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Kelly moved that the Senate concur in the amendments by the House to S.F. No. 262 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 262 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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. 560: A bill for an act relating to the hospital construction moratorium, extending the moratorium; amending Minnesota Statutes 1992, section 144.551, subdivision 1.

Senate File No. 560 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 560 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 560: A bill for an act relating to the hospital construction moratorium, making the moratorium permanent; amending Minnesota Statutes 1992, section 144.551, subdivision 1.

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

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

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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. 751: A bill for an act relating to local government; regulating tanning facilities; requiring warning notices; establishing record keeping requirements; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 461.

Senate File No. 751 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Ms. Pappas moved that the Senate concur in the amendments by the House to S.F. No. 751 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No.751: A bill for an act relating to local government; regulating tanning facilities; requiring warning notices; authorizing local units of government to license and otherwise regulate these facilities; establishing record keeping requirements; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 461.

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 31 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Larson	Novak	Spear
Beckman	Hottinger	Luther	Pappas	Stumpf
Berglin	Janezich	Marty	Piper	Wiener
Betzold	Johnson, D.J.	Merriam	Pogemiller	
Chandler	Johnson, J.B.	Moe, R.D.	Price	
Cohen	Kelly	Mondale	Ranum	
Finn	Krentz	Morse	Solon	

Those who voted in the negative were:

Adkins	Dille	Laidig	Oliver	Samuelson
Belanger	Frederickson	Langseth	Olson	Stevens
Benson, D.D.	Hanson	Lesewski	Pariseau	Terwilliger
Benson, J.E.	Johnson, D.E.	Lessard	Reichgott	Vickerman
Berg	Johnston	McGowan	Riveness	
Bertram	Kiscaden	Metzen	Robertson	
Chmielewski	Knutson	Murphy	Runbeck	
Day	Kroening	Neuville	Sams	

So the bill, as amended, failed to pass.

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. 853: A bill for an act relating to retirement; volunteer firefighters' relief associations; increasing service pension maximums; establishing a fire state aid maximum apportionment; providing penalties for noncompliance with service pension maximums; specifying duties for the state auditor; ratifying certain prior nonconforming lump sum service pension payments; continuing certain nonconforming lump sum service pension amounts in force; modifying certain investment performance calculations; modifying certain local volunteer firefighters relief association provisions; prohibiting the use of lawful gambling contributions for pensions; amending Minnesota Statutes 1992, sections 11A.04; 349.12, subdivision 25; 356.218, subdivisions 2 and 3; and 424A.02, subdivisions 1, 3, and by adding subdivisions; Laws 1971, chapter 140, section 5, as amended; proposing coding for new law in Minnesota Statutes, chapter 471.

Senate File No. 853 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Stumpf moved that the Senate concur in the amendments by the House to S.F. No. 853 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 853 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Chmielewski	Kiscaden	Moe, R.D.	Reichgott	
Cohen	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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. 1320: A bill for an act relating to education; requiring changes in college preparation requirements.

Senate File No. 1320 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

Mr. Murphy moved that the Senate do not concur in the amendments by the House to S.F. No. 1320, 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. 532: A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

Senate File No. 532 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

Mr. Finn moved that the Senate do not concur in the amendments by the House to S.F. No. 532, 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 House Files, herewith transmitted: H.F. Nos. 531, 555, 1486, 936 and 1415.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 12, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 531: A bill for an act relating to housing; requiring owner to furnish a tenant with a copy of a written lease; requiring disclosure of inspection and condemnation orders; modifying procedure for tenant file disclosure by tenant screening services; modifying definitions; requiring reports; providing penalties; amending Minnesota Statutes 1992, sections 504.29, by adding a subdivision; 504.30, subdivisions 1, 3, and 4; 504.33, subdivisions 3, 5, and 7; 504.34, subdivisions 1 and 2; and 566.18, subdivisions 2 and 7; Laws 1989, chapter 328, article 2, section 17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 504; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 415, now on General Orders.

H.F. No. 555: A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03, subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 683, now on General Orders.

H.F. No. 1486: A bill for an act relating to libraries; requiring the metropolitan council to conduct a study of metropolitan area libraries and library systems and report to the legislature.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 787, now on General Orders.

H.F. No. 936: A bill for an act relating to the department of jobs and training; changing its name to the department of economic security.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 961, now on General Orders.

H.F. No. 1415: A bill for an act relating to agriculture; modifying certain provisions relating to wheat and barley promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1501, now on General Orders.

REPORTS OF COMMITTEES

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which were referred the following appointments as reported in the Journal for January 28, 1993:

IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER

James Gustafson

PUBLIC UTILITIES COMMISSION

Thomas Burton

WORKERS' COMPENSATION COURT OF APPEALS

Richard Hefte

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which were referred the following appointments as reported in the Journal for January 21, 1993:

WORKERS' COMPENSATION COURT OF APPEALS

Thomas Johnson
Rosalia Olsen

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which were referred the following appointments as reported in the Journal for January 19, 1993:

MINNESOTA HOUSING FINANCE AGENCY

Peter G. Bernier

MINNESOTA WORLD TRADE CENTER CORPORATION BOARD OF DIRECTORS

Paul J. Gam

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Frederickson moved that S.F. No. 965, No. 77 on General Orders, be stricken and returned to its author. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Ms. Runbeck introduced—

S.F. No. 1636: A bill for an act relating to the environment; requiring the return of used tires; providing for a surcharge; amending Minnesota Statutes 1992, sections 239.54; and 325E.32.

Referred to the Committee on Environment and Natural Resources.

Ms. Runbeck and Mrs. Pariseau introduced—

S.F. No. 1637: A bill for an act relating to the legislature; eliminating per diem expense allowances; requiring a study of legislative compensation; amending Minnesota Statutes 1992, section 3.099, subdivision 1; repealing Minnesota Statutes 1992, section 3.101.

Referred to the Committee on Rules and Administration.

Ms. Runbeck introduced—

S.F. No. 1638: A bill for an act relating to state parks; free admission for civilian conservation corps members; amending Minnesota Statutes 1992, section 85.055, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Mr. Larson introduced—

S.F. No. 1639: A bill for an act relating to human services; allowing an exception to listing of life estates; proposing coding for new law in Minnesota Statutes, chapter 256B.

Referred to the Committee on Health Care.

Messrs. Morse, Price, Ms. Johnson, J.B.; Messrs. Laidig and Frederickson introduced—

S.F. No. 1640: A bill for an act relating to the environment; appropriating money from the water recreation account for the clean water partnership program with certain conditions; amending Minnesota Statutes 1992, section 103F.725, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Messrs. Riveness, Stumpf, Morse, Pogemiller and Terwilliger introduced—

S.F. No. 1641: A bill for an act relating to the board of investment; requiring the board to provide certain information about its investments; proposing coding for new law in Minnesota Statutes, chapter 356.

Referred to the Committee on Governmental Operations and Reform.

Ms. Reichgott introduced—

S.F. No. 1642: 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 1992, section 148.181, subdivision 1, as amended.

Referred to the Committee on Rules and Administration.

Messrs. Dille, Spear, Berg, Neuville and Merriam introduced—

S.F. No. 1643: A bill for an act relating to lotteries; proposing a constitutional amendment to prohibit the legislature from authorizing a lottery operated by the state; providing for conforming legislation if the amendment is adopted by the people.

Referred to the Committee on Gaming Regulation.

Messrs. Dille, Berg, Spear, Neuville and Marty introduced—

S.F. No. 1644: A bill for an act relating to the lottery; abolishing the state lottery; amending Minnesota Statutes 1992, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 270A.03, subdivision 7; 340A.410, subdivision 5; 541.20; 541.21; 609.75, subdivision 3; and 609.762, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349A; repealing Minnesota Statutes 1992, sections 270B.14, subdivision 7; 349A.01; 349A.02; 349A.03; 349A.04; 349A.05; 349A.06; 349A.07; 349A.08; 349A.09; 349A.10; 349A.11; 349A.12; 349A.13; 349A.14; and 349A.15.

Referred to the Committee on Gaming Regulation.

Mr. Betzold introduced—

S.F. No. 1645: A bill for an act relating to children; adopting the uniform status of children of assisted conception act; proposing coding for new law as Minnesota Statutes, chapter 258A.

Referred to the Committee on Family Services.

Ms. Reichgott, Messrs. Finn, Hottinger and Knutson introduced—

S.F. No. 1646: A bill for an act relating to partnerships; enacting the uniform partnership act; proposing coding for new law as Minnesota Statutes, chapter 323A; repealing Minnesota Statutes 1992, sections 323.01; 323.02; 323.03; 323.04; 323.05; 323.06; 323.07; 323.08; 323.09; 323.10; 323.11; 323.12; 323.13; 323.14; 323.15; 323.16; 323.17; 323.18; 323.19; 323.20; 323.21; 323.22; 323.23; 323.24; 323.25; 323.26; 323.27; 323.28; 323.29; 323.30; 323.31; 323.32; 323.33; 323.34; 323.35; 323.36; 323.37; 323.38; 323.39; 323.40; 323.41; 323.42; and 323.43.

Referred to the Committee on Judiciary.

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

S.F. No. 1647: A bill for an act relating to commerce; prohibiting price discrimination between motor fuel retailers and wholesalers supplied by the same refiner; proposing coding for new law in Minnesota Statutes, chapter 80C.

Referred to the Committee on Commerce and Consumer Protection.

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. 532: Messrs. Finn, Marty and Ms. Kiscaden.

S.F. No. 1320: Messrs. Murphy, Janezich and Pogemiller.

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

MEMBERS EXCUSED

Mr. Chmielewski was excused from the Session of today from 9:00 a.m. to 6:25 p.m. Ms. Krentz was excused from the Session of today from 9:00 to 9:45 a.m. Messrs. Finn and Moe, R.D. were excused from the Session of today from 9:00 a.m. to 1:45 p.m. Ms. Reichgott was excused from the Session of today from 9:00 to 10:00 a.m. Mr. Novak was excused from the Session of today from 9:00 to 9:45 a.m. and 2:00 to 3:00 p.m. Mr. Pogemiller was excused from the Session of today from 9:00 to 10:15 a.m. and 12:30 to 1:45 p.m. Mr. McGowan was excused from the Session of today from 10:00 a.m. to 1:55 p.m. Ms. Lesewski was excused from the Session of today from 10:00 a.m. to 3:15 p.m. Mr. Metzen was excused from the Session of today from 11:00 to 11:45 a.m. Ms. Olson was excused from the Session of today from 12:30 to 1:30 p.m. Ms. Berglin and Mr. Benson, D.D. were excused from the Session of today from 4:00 to 5:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:00 a.m., Friday, May 14, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-NINTH DAY

St. Paul, Minnesota, Friday, May 14, 1993

The Senate met at 8:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Patrick L. Hall.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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. 64, 832, 1290, 693, 340, 34, 264 and 1232.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

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. 782: A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13.

Senate File No. 782 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 782 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 782: A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13, 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 44 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Kiscaden	Merriam	Price
Beckman	Day	Knutson	Metzen	Ranum
Belanger	Finn	Langseth	Morse	Robertson
Benson, J.E.	Flynn	Larson	Neuville	Runbeck
Berg	Frederickson	Lesewski	Oliver	Sams
Berglin	Hottinger	Lessard	Olson	Stevens
Bertram	Johnson, D.E.	Luther	Pappas	Stumpf
Betzold	Johnson, J.B.	Marty	Pariseau	Terwilliger
Chandler	Johnston	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. 419: A bill for an act relating to health care; modifying and making corrections to the health right act; amending Minnesota Statutes 1992, sections 43A.317, subdivisions 2, 7, and 10; 62A.011, subdivision 3; 62A.021, subdivision 1; 62A.65, subdivision 5; 62J.04, subdivisions 2, 3, 4,

5, 6, and 7; 62J.09, subdivisions 1, 2, and 6; 62J.15, subdivision 2; 62J.17, subdivisions 2, 4, 5, and 6; 62J.19; 62J.23; 62J.29, subdivisions 1 and 4; 62J.30, subdivisions 4, 7, 8, and 10; 62J.31, subdivisions 2 and 3; 62J.32, subdivisions 1 and 4; 62J.34, subdivisions 2 and 3; 62L.02, subdivisions 8, 11, 15, and 16, and by adding a subdivision; 62L.03, subdivisions 2 and 5; 62L.05, subdivisions 1, 4, and 10; 62L.09, subdivision 2; 62L.13, subdivisions 1, 3, and 4; 62L.14, subdivisions 1, 2, 3, 4, 5, 6, 7, and 9; 62L.15, subdivision 2; 62L.16, subdivision 5, and by adding a subdivision; 62L.17, subdivisions 1 and 4; 62L.19; 62L.20, subdivisions 1 and 2; 144.147, subdivision 4; 144.1481, subdivision 1; 256.045, subdivision 10; 256.9353, subdivisions 2, 6, and by adding a subdivision; 256.9354; 256.9355, subdivision 3; 256.9356, subdivision 2; 256.9357; 256B.0644; Laws 1992, chapter 549, articles 1, section 15; 2, sections 24 and 25; 3, section 24; and 4, section 18; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 1992, sections 62J.05, subdivision 5; 62J.09, subdivision 3; and 62J.21.

Senate File No. 419 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 419 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 419 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	Day	Kiscaden	Merriam	Piper
Beckman	Dille	Knutson	Metzen	Price
Belanger	Finn	Kroening	Mondale	Ranum
Benson, J.E.	Flynn	Langseth	Morse	Robertson
Berg	Frederickson	Larson	Murphy	Runbeck
Berglin	Hanson	Lesewski	Neuville	Sams
Bertram	Hottinger	Lessard	Oliver	Stevens
Betzold	Johnson, D.E.	Luther	Olson	Stumpf
Chandler	Johnson, J.B.	Marty	Pappas	Terwilliger
Chmielewski	Johnston	McGowan	Pariseau	Wiener

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. 948: A bill for an act relating to insurance; property; regulating the

FAIR plan; modifying its provisions; making various technical changes; amending Minnesota Statutes 1992, sections 65A.31; 65A.32; 65A.33, subdivisions 4, 5, and 6; 65A.34; 65A.35; 65A.36; 65A.37; 65A.375; 65A.38; 65A.39; 65A.40; 65A.41; and 65A.42; repealing Minnesota Statutes 1992, sections 65A.33, subdivision 8; and 65A.43.

Senate File No. 948 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Mr. Oliver moved that the Senate concur in the amendments by the House to S.F. No. 948 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 948 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	Day	Knutson	Mondale	Robertson
Anderson	Dille	Kroening	Morse	Runbeck
Beckman	Finn	Langseth	Murphy	Sams
Belanger	Flynn	Larson	Neuville	Stevens
Benson, J.E.	Frederickson	Lesewski	Oliver	Stumpf
Berg	Hanson	Lessard	Olson	Terwilliger
Berglin	Hottinger	Luther	Pappas	Wiener
Bertram	Johnson, D.E.	Marty	Pariseau	
Betzold	Johnson, J.B.	McGowan	Piper	
Chandler	Johnston	Merriam	Price	
Chmielewski	Kiscaden	Metzen	Ranum	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 570, 1253 and 1658.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 570: A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit

multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 579, now on General Orders.

H.F. No. 1253: A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 970, now on General Orders.

H.F. No. 1658: A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1477, now on General Orders.

REPORTS OF COMMITTEES

Mr. Luther 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. 1486 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1486	787				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 555 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.
555	683				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 555 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 555 and insert the language after the enacting clause of S.F. No. 683, the second engrossment; further, delete the title of H.F. No. 555 and insert the title of S.F. No. 683, the second engrossment.

And when so amended H.F. No. 555 will be identical to S.F. No. 683, and further recommends that H.F. No. 555 be given its second reading and substituted for S.F. No. 683, 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. 531 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.
531	415				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 531 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 531 and insert the language after the enacting clause of S.F. No. 415, the second engrossment; further, delete the title of H.F. No. 531 and insert the title of S.F. No. 415, the second engrossment.

And when so amended H.F. No. 531 will be identical to S.F. No. 415, and further recommends that H.F. No. 531 be given its second reading and substituted for S.F. No. 415, 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. 1415 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.
1415	1501				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1415 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1415 and insert the language after the enacting clause of S.F. No. 1501, the second engrossment; further, delete the title of H.F. No. 1415 and insert the title of S.F. No. 1501, the second engrossment.

And when so amended H.F. No. 1415 will be identical to S.F. No. 1501, and further recommends that H.F. No. 1415 be given its second reading and substituted for S.F. No. 1501, 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. 1387 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.
1387	1313				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1387 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1387 and insert the language after the enacting clause of S.F. No. 1313, the first engrossment; further, delete the title of H.F. No. 1387 and insert the title of S.F. No. 1313, the first engrossment.

And when so amended H.F. No. 1387 will be identical to S.F. No. 1313, and further recommends that H.F. No. 1387 be given its second reading and substituted for S.F. No. 1313, 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. 936 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.
936	961				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 936 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 936 and insert the language after the enacting clause of S.F. No. 961, the first engrossment; further, delete the title of H.F. No. 936 and insert the title of S.F. No. 961, the first engrossment.

And when so amended H.F. No. 936 will be identical to S.F. No. 961, and further recommends that H.F. No. 936 be given its second reading and substituted for S.F. No. 961, 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. Nos. 1486, 555, 531, 1415, 1387 and 936 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Samuelson moved that the name of Mr. Neuville be added as a co-author to S.F. No. 1627. The motion prevailed.

Mr. Hottinger moved that the name of Mr. Finn be added as a co-author to S.F. No. 1647. The motion prevailed.

S.F. No. 1074 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1074

A bill for an act relating to natural resources; management of state-owned lands by the department of natural resources; deletion of land from Moose Lake state recreation area; private use of state trails; appropriating money; amending Minnesota Statutes 1992, sections 84.0273; 84.632; 85.015, by adding a subdivision; 86A.05, subdivision 14; 92.06, subdivision 1; 92.14, subdivision 2; 92.19; 92.29; 92.67, subdivision 5; 94.10; 94.11; 94.13; 94.343, subdivision 3; 94.348, subdivision 2; and 97A.135, subdivision 2, and by adding a subdivision.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1074, 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. 1074 be further amended as follows:

Page 11, after line 24, insert:

"Sec. 18. Laws 1992, chapter 502, section 4, is amended to read:

Sec. 4. [PRIVATE SALE OF STATE LAND; WASHINGTON COUNTY.]

Notwithstanding the public sale provisions of Minnesota Statutes, sections 94.09 to 94.16 or any other law to the contrary, the commissioner of natural resources may sell land in Washington county described in this section by private sale to the purchaser. The conveyance shall be in a form approved by the attorney general. The consideration received for the conveyance shall be the market value of the land of $1,160,000 as established by a state appraisal certified by the commissioner on January 27, 1992, plus an additional 18 percent of an amount equal to the market value less any environmental cleanup funds provided by the purchaser prior to the conveyance, as described in section 5. The consideration and 18 percent additional payment shall be deposited in the state treasury and credited to the wildlife land acquisition account. The basic purchase consideration is appropriated to the commissioner for acquisition of replacement wildlife management area lands in Anoka, Carver, Dakota, Hennepin, Scott, or Washington counties *and for cleanup of contamination on wildlife management area lands adjacent to the land conveyed. Of this appropriation, at least $560,000 must be used for acquisition of replacement wildlife management area lands.* The 18 percent additional payment is appropriated to the commissioner to cover the commissioner's professional service costs to acquire the replacement lands and the cost of appraisals for the state lands sold to the purchaser. The commissioner shall return any portion of the 18 percent additional payment remaining after acquisition of replacement lands to the purchaser.

The land that may be sold is in the Bayport state wildlife management area and is described as follows:

All that part of Sections 10 and 15, in Township 29 North, Range 20 West, described as follows: Commencing at the southeast corner of said Section 10; thence west along the south line of said Section 10 a distance of 270 feet to the point of beginning; thence north parallel with and 270 feet westerly from the east line of said Section 10 a distance of 1,296 feet; thence west a distance of 360 feet; thence north parallel with the east line of said Section 10 a distance of 740 feet; thence west 160 feet; thence north parallel with the east line of said Section 10 a distance of 580 feet; thence west 140 feet; thence north along the west line and the same extended southerly of Block 80, in South Stillwater, (Bayport), according to the recorded plat thereof in the office of the County Recorder for Washington county, 360 feet to the northwest corner of said Block 80; thence west on a continuation of the north line of said Block 80 a distance of 185 feet; thence south and parallel with the west line of Block 81 of said South Stillwater (Bayport) 100 feet; thence west and parallel with the north line of said Block 81 to the west line of said Block 81 a distance of 175 feet; thence north along the west line of said Block 81 to the northwest corner of said Block 81 a distance of 100 feet; thence west on a continuation of the north line of said Block 81 a distance of 30 feet to the west line of the Southeast Quarter of the Northeast Quarter of said Section 10; thence north along said west line of the Southeast Quarter of the Northeast Quarter to the south line of the North 900 feet of the Southwest Quarter of the Northeast Quarter of said Section

10; thence west along the south line of the North 900 feet of the Southwest Quarter of the Northeast Quarter of said Section 10 to the west line of the Southwest Quarter of the Northeast Quarter of said Section 10; thence north along said west line to the north line of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said Section 10; thence West along the north line of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said Section 10 to the Northwest corner of the South 30 acres of the Southeast Quarter of the Northwest Quarter of said section; thence south along the west line of the Southeast Quarter of the Northwest Quarter of said Section 10 to the center line of the Stillwater and Point Douglas Road (aka County State Aid Highway 21); thence southeasterly along said center line of said Stillwater and Point Douglas Road (aka County State Aid Highway 21) to a point on a line drawn parallel and 11 chains and 92 links southerly from the north line of said Section 15; thence east parallel with the north line of the Northwest Quarter of said Section 15 to the west line of the Northwest Quarter of the Northeast Quarter of said Section 15; thence east parallel with the north line of the Northwest Quarter of the Northeast Quarter of said Section 15 a distance of 202.76 feet; thence north parallel with the west line of said Northwest Quarter of the Northeast Quarter to the south line of said Section 10; thence east along said south line to the point of beginning. Excepting from the land within the above described boundaries, the right-of-way of the Chicago and North Western Railway across said parts of Sections 10 and 15. And also all that part of the Southwest Quarter of the Northwest Quarter of Section 10, Township 29 North, Range 20 West, lying east of Stillwater and Point Douglas Road (aka County State Aid Highway 21), excepting that part thereof heretofore deeded by Frank L. Barrett and wife to John Zabel, by deed dated 9th day of December, 1893, and recorded 16th day of December, 1893, in the office of the County Recorder for said Washington county, in Book 40 of Deeds, Page 133. Said lands containing 244.81 acres, more or less.

The commissioner may reserve to the state an easement across the above described property for ingress and egress to lands to be retained by the commissioner in Section 15, Township 29 North, Range 20 West.

Sec. 19. [SHORELAND LOT TRANSFER.]

(a) Notwithstanding Minnesota Rules, part 6120.3300, subpart 2, item D, adopted under Minnesota Statutes 1992, sections 103F.201 to 103F.221, Otter Tail county may allow the sale or transfer, as a separate parcel, of a lot within shoreland, as defined in Minnesota Statutes, section 103F.205, subdivision 4, that:

(1) is one of a group of two or more contiguous lots that have been under the same common ownership since February 4, 1992; and

(2) does not meet the requirements of Minnesota Rules, part 6120.3300, subpart 2, items A to E, and subparts 2a and 2b.

(b) Before a contiguous lot is sold under the authority granted in this section, the seller shall inform the buyer in writing of the extent to which the lot does not meet the requirements of Minnesota Rules, part 6120.3300, subpart 2, items A to E, and subparts 2a and 2b.

(c) This section is repealed effective July 1, 1994.

Sec. 20. [REPORTS.]

Subdivision 1. [PRIVATE FOREST MANAGEMENT ASSISTANCE PROGRAM.] *The commissioner of natural resources shall track the financial effects of changes occurring in department policy on the private forest management assistance program. The commissioner shall review any regional differences, and the cost and types of services provided by the division of forestry timber appraisers. The commissioner shall report by February 15, 1994, and February 15, 1995, to the house environment and natural resources finance committee and the senate environment and natural resources finance division.*

Subd. 2. [NATIVE PLANTINGS ON PUBLIC LANDS; REPORT.] *The commissioner of natural resources shall, in cooperation with other state agencies and interested persons, propose a plan to increase the amount of native plantings on public lands. The commissioner shall submit the plan to the environment and natural resources committees of the legislature by February 15, 1994.*''

Page 11, line 25, delete ''18'' and insert ''21''

Amend the title as follows:

Page 1, line 5, after the second semicolon insert ''use of proceeds from private sale of state land in Washington county; transfer of shoreland lots in Otter Tail county; reporting and planning by commissioner of natural resources;''

Page 1, line 12, before the period insert ''; Laws 1992, chapter 502, section 4''

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

Senate Conferees: (Signed) Leonard R. Price, Gene Merriam, Steven Morse

House Conferees: (Signed) Kathleen Sekhon, Virgil J. Johnson, Willard Munger

Mr. Price moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1074 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. 1074 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnston	Merriam	Price
Anderson	Cohen	Kiscaden	Metzen	Ranum
Beckman	Day	Knutson	Mondale	Robertson
Belanger	Dille	Krentz	Morse	Runbeck
Benson, D.D.	Finn	Kroening	Murphy	Sams
Benson, J.E.	Flynn	Langseth	Neuville	Stevens
Berg	Frederickson	Lesewski	Oliver	Stumpf
Berglin	Hanson	Lessard	Olson	Terwilliger
Bertram	Hottinger	Luther	Pappas	Wiener
Betzold	Johnson, D.E.	Marty	Pariseau	
Chandler	Johnson, J.B.	McGowan	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. 1315 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1315

A bill for an act relating to burial grounds; creating a council of traditional Indian practitioners to make recommendations regarding the management, treatment, and protection of Indian burial grounds and of human remains or artifacts contained in or removed from those grounds; proposing coding for new law in Minnesota Statutes, chapter 307.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1315, 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. 1315 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [307.082] [CIVIL ACTIONS.]

The attorney general or the county attorney may maintain a civil action seeking a temporary or permanent injunction or other appropriate relief against a person who is alleged to have committed a violation of section 307.08, subdivision 2. The action must be brought within one year after the alleged violation is discovered and reported to the state archeologist or the Indian affairs council. The action must be filed in either the district court of the county in which the alleged violation occurred or in which the alleged violator resides."

Delete the title and insert:

"A bill for an act relating to burial grounds; providing for a civil action; proposing coding for new law in Minnesota Statutes, chapter 307."

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

Senate Conferees: (Signed) Don Betzold, Joanne E. Benson, Harold R. "Skip" Finn

House Conferees: (Signed) Karen Clark, Thomas Pugh, Dave Bishop

Mr. Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1315 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. 1315 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	Chmielewski	Johnson, J.B.	Marty	Pariseau
Anderson	Cohen	Johnston	McGowan	Piper
Beckman	Day	Kiscaden	Merriam	Price
Belanger	Dille	Knutson	Metzen	Ranum
Benson, D.D.	Finn	Krentz	Mondale	Robertson
Benson, J.E.	Flynn	Kroening	Morse	Runbeck
Berg	Frederickson	Langseth	Murphy	Sams
Berglin	Hanson	Larson	Neuville	Stevens
Bertram	Hottinger	Lesewski	Oliver	Stumpf
Betzold	Janezich	Lessard	Olson	Terwilliger
Chandler	Johnson, D.E.	Luther	Pappas	Wiener

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1105 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1105

A bill for an act relating to health; extending the expiration date of certain advisory councils and committees; modifying provisions relating to lead abatement; changing regulation provisions for hotels, resorts, restaurants, and manufactured homes; providing penalties; amending Minnesota Statutes 1992, sections 15.059, subdivision 5; 144.73, subdivision 3; 144.871, subdivisions 2, 6, 7a, and by adding subdivisions; 144.872, subdivision 2; 144.873, subdivision 2; 144.874, subdivisions 1, 3, 4, and 6; 144.878, subdivisions 2 and 5; 157.01, subdivision 1; 157.03; 157.08; 157.081, subdivision 1; 157.09; 157.12; 157.14; 245.97, subdivision 6; 327.10; 327.11; 327.16, subdivision 5; 327.20, subdivision 1; 327.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; and 157; repealing Minnesota Statutes 1992, sections 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; and 157.05, subdivisions 2 and 3.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1105, 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. 1105 be further amended as follows:

Page 22, after line 4, insert:

"Sec. 33. [MANUFACTURED HOME PARK ZONING STUDY.]

A municipality, as defined in Minnesota Statutes, section 462.352, subdivision 2, may not adopt an ordinance after May 22, 1993 and before August 1, 1994, that establishes setback requirements for manufactured homes in a manufactured home park if the ordinance would have the effect of prohibiting replacing a home in a park with a home approved by the department of housing and urban development.

Setback requirements adopted by ordinance by a municipality after April 1, 1991, are suspended and have no effect until August 1, 1994, if the setback requirements have the effect of prohibiting replacing a manufactured home in a manufactured home park with a home approved by the department of housing and urban development."

Page 22, line 12, delete "*and 33*" and insert ", *33, and 34*"

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 6, after the semicolon insert "requiring a manufactured home park zoning study;"

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

Senate Conferees: (Signed) Don Betzold, John C. Hottinger, Edward C. Oliver

House Conferees: (Signed) Wayne Simoneau, Alice M. Johnson, Dennis Ozment

Mr. Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1105 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. 1105 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	Chmielewski	Johnson, J.B.	Morse	Robertson
Anderson	Cohen	Krentz	Murphy	Runbeck
Beckman	Day	Kroening	Oliver	Sams
Belanger	Finn	Lessard	Olson	Solon
Benson, J.E.	Flynn	Luther	Pappas	Stumpf
Berg	Frederickson	Marty	Piper	Terwilliger
Berglin	Hottinger	McGowan	Pogemiller	Wiener
Bertram	Janezich	Merriam	Price	
Betzold	Johnson, D.E.	Metzen	Ranum	
Chandler	Johnson, D.J.	Mondale	Riveness	

Those who voted in the negative were:

Benson, D.D.	Johnston	Knutson	Neuville	Stevens
Dille	Kiscaden	Lesewski	Pariseau	

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 273 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 273

A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 273, 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. 273 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. [TELECOMMUTING STUDY.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "telecommuting" means the practice of performing work at a residence rather than a worksite, through video, telephone, computer, or other electronic connection.*

Subd. 2. [STUDY DIRECTED.] *The commissioner of transportation is urged to conduct a study of telecommuting in the seven-county metropolitan area as an alternative to vehicle commuting between residence and worksite. The commissioner may contract with a person, firm, or organization knowledgeable in telecommuting to perform the study.*

Subd. 3. [STUDY CONTENTS.] *The study must include:*

(1) the present extent of telecommuting in the metropolitan area;

(2) the potential of telecommuting to substitute for vehicle commuting in the area, alleviate traffic congestion, and reduce the need for highway expansion;

(3) present legal and public policy obstacles to telecommuting; and

(4) legal and public policy alternatives that would expand telecommuting or telecommuting options in the area.

Subd. 4. [REPORTS.] *The commissioner shall report on the findings of the study to the governor and legislature not later than March 1, 1994.*"

Page 1, after line 24, insert:

"*Notwithstanding any law or rule to the contrary, the commissioner of transportation shall add to the county state-aid highway system in Dakota*

county any trunk highway that is removed from the trunk highway system under this act and transferred to Dakota county.''

Page 2, line 8, delete ''*Section 1 is*'' and insert ''*Sections 1 and 2 are*''

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, before the period insert ''; providing for a telecommuting study''

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

Senate Conferees: (Signed) David L. Knutson, Florian Chmielewski, Gen Olson

House Conferees: (Signed) Eileen Tompkins, Thomas Pugh, Mary Jo McGuire

Mr. Knutson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 273 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. 273 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	Johnston	Merriam	Price
Anderson	Day	Kiscaden	Metzen	Ranum
Beckman	Dille	Knutson	Moe, R.D.	Riveness
Belanger	Finn	Krentz	Mondale	Robertson
Benson, D.D.	Flynn	Kroening	Morse	Runbeck
Benson, J.E.	Frederickson	Langseth	Neuville	Sams
Berg	Hanson	Larson	Oliver	Stevens
Berglin	Hottinger	Lesewski	Olson	Stumpf
Bertram	Janezich	Lessard	Pappas	Terwilliger
Betzold	Johnson, D.E.	Luther	Pariseau	Wiener
Chandler	Johnson, D.J.	Marty	Piper	
Chmielewski	Johnson, J.B.	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. 413 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 413

A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in St. Louis county; authorizing the conveyance of certain Willmar regional treatment center land to Kandiyohi county.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 413, 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) Jerry R. Janezich, Harold R. "Skip" Finn, Steven G. Novak

House Conferees: (Signed) Tom Rukavina, David Tomassoni, Thomas Huntley

Mr. Janezich moved that the foregoing recommendations and Conference Committee Report on S.F. No. 413 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. 413 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	Johnston	Metzen	Price
Anderson	Day	Kiscaden	Moe, R.D.	Ranum
Beckman	Dille	Knutson	Mondale	Riveness
Belanger	Finn	Krentz	Morse	Robertson
Benson, D.D.	Flynn	Kroening	Murphy	Runbeck
Benson, J.E.	Frederickson	Langseth	Neuville	Sams
Berg	Hanson	Larson	Oliver	Stevens
Berglin	Hottinger	Lesewski	Olson	Stumpf
Bertram	Janezich	Luther	Pappas	Terwilliger
Betzold	Johnson, D.E.	Marty	Pariseau	Wiener
Chandler	Johnson, D.J.	McGowan	Piper	
Chmielewski	Johnson, J.B.	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. 236 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 236

A bill for an act relating to domestic abuse; requiring a report on victims of domestic abuse and eligibility for unemployment compensation benefits.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 236, 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. 236 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [DOMESTIC ABUSE; CHILD CARE; UNEMPLOYMENT COMPENSATION.]

Subdivision 1. [DOMESTIC ABUSE; INTERIM POLICY.] *The commissioner of jobs and training shall develop and implement an interim policy to address the issue of employees forced to leave employment due to domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner shall provide opportunities for members of the public to be fully involved in developing the interim policy. The department shall report to the labor-management relations committee of the house of representatives and the jobs, energy, and community development committee for the senate bimonthly until January 15, 1994, on its progress in developing the interim policy and its experience in implementing it.*

Subd. 2. [STUDY; DOMESTIC ABUSE; CHILD CARE.] *The commissioner of jobs and training shall study the issues of employees separated from employment due to problems with child care and domestic abuse as defined in Minnesota Statutes 1992, section 518B.01, subdivision 2, paragraph (a). The commissioner of jobs and training shall consult with the commissioner of human services, the unemployment advisory council, and members of the public in preparing the study. The study shall include a review of case histories in which unemployment compensation was sought. The study shall investigate whether legislation is necessary to address the issues and whether the issues are best addressed as employment, human services, criminal, unemployment compensation, or other problems. The results of the study shall be reported to the legislature by January 15, 1994, along with any recommendations for legislation.*

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to unemployment compensation; requiring the development of an interim policy and a report on the issue of employees forced to leave employment due to domestic abuse; requiring a study on issues of employees separated from employment due to problems with child care and domestic abuse."

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

Senate Conferees: (Signed) Ellen R. Anderson, Dennis R. Frederickson, Sandra L. Pappas

House Conferees: (Signed) Kathleen Sekhon, Alice M. Johnson, Tom Rukavina

Ms. Anderson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 236 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 236 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, D.J.	McGowan	Pogemiller
Anderson	Cohen	Johnson, J.B.	Merriam	Price
Beckman	Day	Kiscaden	Metzen	Ranum
Belanger	Dille	Knutson	Moe, R.D.	Riveness
Benson, D.D.	Finn	Krentz	Mondale	Robertson
Benson, J.E.	Flynn	Kroening	Morse	Sams
Berg	Frederickson	Langseth	Murphy	Stumpf
Berglin	Hanson	Larson	Novak	Terwilliger
Bertram	Hottinger	Lessard	Olson	Wiener
Betzold	Janezich	Luther	Pappas	
Chandler	Johnson, D.E.	Marty	Piper	

Those who voted in the negative were:

Johnston	Neuville	Pariseau	Runbeck	Stevens
Lesewski	Oliver			

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1275 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1275

A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1275, 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) Ted A. Mondale, Gene Merriam, Deanna Wiener

House Conferees: (Signed) Jean Wagenius, Alice Hausman, Charlie Weaver

Mr. Mondale moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1275 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. 1275 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	Day	Kiscaden	Metzen	Pogemiller
Anderson	Dille	Knutson	Moe, R.D.	Price
Beckman	Finn	Krentz	Mondale	Ranum
Belanger	Flynn	Kroening	Morse	Riveness
Benson, D.D.	Frederickson	Laidig	Murphy	Robertson
Benson, J.E.	Hanson	Langseth	Neuville	Runbeck
Berg	Hottinger	Lesewski	Novak	Sams
Berglin	Janezich	Lessard	Oliver	Spear
Bertram	Johnson, D.E.	Luther	Olson	Stevens
Betzold	Johnson, D.J.	Marty	Pappas	Stumpf
Chandler	Johnson, J.B.	McGowan	Pariseau	Terwilliger
Cohen	Johnston	Merriam	Piper	Wiener

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 512 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 512

A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 512, 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. 512 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 237.01, subdivision 2, is amended to read:

Subd. 2. [TELEPHONE COMPANY.] "Telephone company," means and applies to any person, firm, association or any corporation, private or municipal, owning or operating any telephone line or telephone exchange for hire, wholly or partly within this state, or furnishing any telephone service to the public.

A "telephone company" does not include a radio common carrier as defined in subdivision 4. A telephone company which also conforms with the definition of a radio common carrier is subject to regulation as a telephone company. However, none of chapter 237 applies to telephone company activities which conform to the definition of a radio common carrier.

A "telephone company" does not include a telecommunications carrier as defined in subdivision 5, except that a telecommunications carrier is a telephone company for the purposes of section 222.36. A telephone company is not subject to section 237.74.

Sec. 2. Minnesota Statutes 1992, section 237.01, is amended by adding a subdivision to read:

Subd. 5. [TELECOMMUNICATIONS CARRIER.] *"Telecommunications carrier" means a person, firm, association, or corporation authorized to furnish telephone service to the public but not authorized to furnish local exchange service. Telecommunications carrier does not include entities that derive more than 50 percent of their revenues from operator services provided to transient locations such as hotels, motels, and hospitals. In addition, telecommunications carrier does not include entities that provide centralized equal access services.*

Sec. 3. [237.035] [TELECOMMUNICATIONS CARRIER EXEMPTION.]

Telecommunications carriers are not subject to regulation under this chapter, except that telecommunications carriers shall comply with the requirements of section 237.74.

Sec. 4. [237.74] [REGULATION OF TELECOMMUNICATIONS CARRIERS.]

Subdivision 1. [FILING REQUIREMENTS.] *Every telecommunications carrier shall elect and keep on file with the department either a tariff or a price list for each service on or before the effective date of the tariff or price, containing the rules, rates, and classifications used by it in the conduct of the telephone business, including limitations on liability. The filings are governed by chapter 13. The department shall require each telecommunications carrier to keep open for public inspection at designated offices so much of these rates, tariffs or price lists, and rules as the department considers necessary for public information.*

Subd. 2. [DISCRIMINATION PROHIBITED; PRACTICES, SERVICES, RATES.] *No telecommunications carrier shall offer telecommunications*

service within the state upon terms or rates that are unreasonably discriminatory. No telecommunications carrier shall unreasonably limit its service offerings to particular geographic areas unless facilities necessary for the service are not available and cannot be made available at reasonable costs. The rates of a telecommunications carrier must be the same in all geographic locations of the state unless for good cause the commission approves different rates. A company that offers long-distance services shall charge uniform rates and charges on all long-distance routes and in all geographic areas in the state where it offers the services. However, a carrier may offer or provide volume or term discounts or may offer or provide unique pricing to certain customers or to certain geographic locations for special promotions, and may pass through any state, municipal, or local taxes in the specific geographic areas from which the taxes originate.

Notwithstanding any other provision of this subdivision, a telecommunications carrier may furnish service free or at reduced rates to its officers, agents, or employees in furtherance of their employment.

Subd. 3. [SPECIAL PRICING.] *Except as prohibited by this section, prices unique to a particular customer or group of customers may be allowed for services when differences in the cost of providing a service or a service element justify a different price for a particular customer or group of customers. Individual pricing for services may be allowed when a uniform price should not be required because of market conditions. Unique or individual prices for services or service elements in effect before the effective date of this section are deemed to be lawful under this section.*

Subd. 4. [INVESTIGATIONS.] *(a) When the commission or the department believes that an investigation of any matter relating to any telephone service should for any reason be made, it may on its own motion investigate the service or matter upon notice to the carrier. However, telecommunications carriers are not subject to rate or rate of return regulation and neither the commission nor the department may investigate any matter relating to a telecommunications carrier's costs, rates, or rate of return, except the commission and the department may investigate whether a rate is unreasonably discriminatory under subdivision 2.*

(b) Upon a complaint made against a telecommunications carrier by a telephone company, by another telecommunications carrier, by the governing body of a political subdivision, or by no fewer than five percent or 100, whichever is the lesser number, of the subscribers or spouses of subscribers of the particular telecommunications carrier, that any of the rates, tolls, tariffs or price lists, charges, or schedules is in any respect unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission, after notice to the telecommunications carrier, shall investigate the matters raised by the complaint.

(c) If, after making an investigation under paragraph (a) or (b), the commission finds that a significant factual issue raised has not been resolved to its satisfaction, the commission may order that a contested case hearing be conducted under chapter 14 unless the complainant, the telecommunications carrier, and the commission agree that an expedited hearing under section 237.61 is appropriate.

(d) In any complaint proceeding authorized under this section, telecommunications carriers shall bear the burden of proof consistent with the

allocation of the burden of proof to telephone companies in sections 237.01 to 237.73.

(e) A full and complete record must be kept by the commission of all proceedings before it upon any formal investigation or hearing and all testimony received or offered must be taken down by the stenographer appointed by the commission and a transcribed copy of the record furnished to any party to the investigation upon the payment of the expense of furnishing the transcribed copy.

If the commission finds by a preponderance of the evidence presented during the complaint proceeding that existing rates, tolls, tariffs or price lists, charges, or schedules are unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission may issue its order requiring termination of the discrimination or making the service adequate or obtainable.

(f) A copy of an order issued under this section must be served upon the person against whom it runs or the person's attorney, and notice of the order must be given to the other parties to the proceedings or their attorneys.

(g) Any party to a proceeding before the commission or the attorney general may make and perfect an appeal from the order in accordance with chapter 14.

If the court finds from an examination of the record that the commission erroneously rejected evidence that should have been admitted, it shall remand the proceedings to the commission with instructions to receive the evidence rejected and any rebutting evidence and to make new findings and return them to the court for further review. Then the commission, after notice to the parties in interest, shall proceed to rehear the matter in controversy and receive the wrongfully rejected evidence and any rebutting evidence offered and make new findings, as upon the original hearing, and transmit it and the new record properly certified to the court of appeals, when the matter shall be again considered by the court in the same manner as in an original appeal.

(h) When an appeal is taken from any order of the commission under this chapter, the commission shall, without delay, have a certified transcript made of all proceedings, pleadings and files, and testimony taken or offered before it upon which the order was based, showing particularly what, if any, evidence offered was excluded. The transcript must be made and filed with the court administrator of the district court where the appeal is pending.

Subd. 5. [EXTENSION OF FACILITIES.] *A telecommunications carrier may extend its facilities into or through a statutory or home rule charter city or town of this state for furnishing its services, subject to the regulation of the governing body of the city or town relative to the location of poles and wires and the preservation of the safe and convenient use of streets and alleys by the public. Nothing in this subdivision shall be construed to allow or prohibit facilities bypass of the local exchange telephone company, nor shall it be construed to prohibit the commission from issuing orders concerning facilities bypass of the local exchange telephone company.*

Subd. 6. [TARIFF OR PRICE LIST CHANGES.] *(a) Telecommunications carriers may:*

(1) decrease the rate for a service, or make any change in a tariff or price

list that results in a decrease in rates, effective without notice to its customers or the commission; and

(2) offer a new service, increase the rate for a service, or change the terms, conditions, rules, and regulations of its service offering effective upon notice to its customers. Subject to subdivisions 2 and 9, a telecommunications carrier may discontinue a service, except that a telecommunications carrier must first obtain prior commission approval before discontinuing service to another telecommunications carrier if end users would be deprived of service because of the discontinuance.

(b) A telecommunications carrier may give notice to its customers by bill inserts, by publication in newspapers of general circulation, or by any other reasonable means.

Subd. 7. [OCCASIONAL USE.] *A telecommunications carrier shall not be deemed to provide local exchange services within the meaning of sections 237.01 and 237.035 merely because of occasional use of the service by the customer for local exchange service related to the provision of interexchange services.*

Subd. 8. [UNIFORM RULES.] *Telecommunications carriers are subject to uniform rules pertaining to the conduct of intrastate telephone services by telecommunications carriers that the commission has prescribed and may prescribe, to the extent the rules are not inconsistent with this section. Rules, forms, or reports required by the commission must conform as nearly as practicable to the rules, forms, or reports prescribed by the Federal Communications Commission for interstate business.*

Subd. 9. [DISCONTINUANCE.] *If a physical connection exists between a telephone exchange system operated by a telephone company and the toll line or lines operated by a telecommunications carrier, neither of the companies shall have the connection severed or the service between the companies discontinued without first obtaining an order from the commission upon an application for permission to discontinue the physical connection. Upon the filing of an application for discontinuance of the connection, the department shall investigate and ascertain whether public convenience requires the continuance of the physical connection, and if the department so finds, the commission shall fix the compensation, terms, and conditions of the continuance of the physical connection and service between the telephone company and the telecommunications carrier. Prior commission approval is not required for severing connections where multiple local exchange companies are authorized to provide service. However, the commission may require the connections if it finds that the connections are in the public interest.*

Subd. 10. [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATION; OBJECTIONS.] *Section 237.295 applies to telecommunications carriers as it does to telephone companies.*

Subd. 11. [ENFORCEMENT; PENALTIES AND REMEDIES.] *(a) This section and rules and orders of the commission adopted or issued under this section may be enforced by criminal prosecution, action to recover civil penalties, injunction, action to compel performance, other appropriate action, or any combination of penalties and remedies.*

(b) A person who knowingly and intentionally violates this section or a rule or order of the commission adopted or issued under this section 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 paragraph may be recovered by a civil action brought by the attorney general in the name of the state. Amounts recovered under this paragraph must be paid into the state treasury.

Subd. 12. [CERTIFICATION REQUIREMENT.] *No telecommunications carrier shall construct or operate any line, plant, or system, or any extension of it, or acquire ownership or control of it, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require the construction, operation, or acquisition, and a new certificate of territorial authority. Nothing in this subdivision requires a telecommunications carrier that has been certified by the commission to provide telephone service before the effective date of this section, to be recertified under this subdivision. Nothing in this subdivision shall be construed to allow or prohibit facilities bypass of the local exchange telephone company, nor shall it be construed to prohibit the commission from issuing orders concerning facilities bypass of the local exchange telephone company.*

Sec. 5. [237.75] [CLASS SERVICE.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "CLASS" or "custom local area signaling service" means a custom calling telephone service that is enabled through the installation or use of Signaling System 7 or similar signaling system and that includes at least the following features:*

(1) automatic call back;

(2) automatic recall;

(3) calling number delivery, commonly known as "caller identification";

(4) calling number delivery blocking;

(5) customer originated call tracing;

(6) distinctive ringing/call waiting;

(7) selective call acceptance;

(8) selective call forwarding; and

(9) selective call rejection.

Subd. 2. [CLASS; TERMS AND CONDITIONS.] *By January 1, 1994, the commission shall determine the terms and conditions under which CLASS services may be provided by telephone companies in this state.*

Subd. 3. [CLASS; CAPABILITY AND OFFERING OF SERVICE.] *Each telephone company that provides local telephone service to persons located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington shall obtain the capability to offer CLASS services in those counties by January 1, 1995, unless the commission approves an extension to a date certain.*

Sec. 6. [REPEALER.]

Minnesota Statutes 1992, section 237.59, subdivision 7, is repealed."

Delete the title and insert:

"A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; mandating availability of custom local area signaling service in metropolitan area; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7."

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

Senate Conferees: (Signed) Steven G. Novak, Janet B. Johnson, Kevin M. Chandler

House Conferees: (Signed) Joel Jacobs, Steve Kelley, Dave Gruenes

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on S.F. No. 512 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. 512 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Day	Knutson	Mondale	Riveness
Anderson	Dille	Krentz	Morse	Robertson
Beckman	Finn	Kroening	Murphy	Runbeck
Belanger	Flynn	Laidig	Neuville	Sams
Benson, D.D.	Frederickson	Langseth	Novak	Solon
Benson, J.E.	Hanson	Lesewski	Oliver	Stevens
Berg	Hottinger	Lessard	Olson	Stumpf
Berglin	Janezich	Luther	Pappas	Terwilliger
Bertram	Johnson, D.E.	Marty	Pariseau	Wiener
Betzold	Johnson, D.J.	McGowan	Piper	
Chandler	Johnson, J.B.	Merriam	Pogemiller	
Chmielewski	Johnston	Metzen	Price	
Cohen	Kiscaden	Moe, R.D.	Ranum	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 287, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 287 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 287

A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of commercial waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and to collect spent lamps; requiring a study of such lamps; extending by one year the solid waste field citation pilot program; providing for the postponement of certain waste collection fees; requiring a certain number of base units for homesteaded multiunit dwellings; clarifying the effects of the repeal of the metropolitan landfill siting process; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122, by adding a subdivision; 17.135; 115.071, subdivision 1; 115A.03, by adding a subdivision; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.552, subdivision 2; 115A.557, subdivision 3; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 287, 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. 287 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 16B.121, is amended to read:

16B.121 [PURCHASE OF RECYCLED, REPAIRABLE, AND DURABLE MATERIALS.]

The commissioner shall take the recycled content and recyclability of commodities to be purchased into consideration in bid specifications. When feasible and when the price of recycled materials does not exceed the price of nonrecycled materials by more than ten percent, the commissioner, and state agencies when purchasing under delegated authority, shall purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the commissioner, and state agencies when purchasing under delegated authority, may also use other appropriate procedures to acquire recycled materials at the most economical cost to the state.

When purchasing commodities and services, the commissioner, and state agencies when purchasing under delegated authority, shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. The commissioner, and state agencies when purchasing under delegated authority, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the state resource recovery program *and the extent to which the commodity or product contains postconsumer material.*

Sec. 2. Minnesota Statutes 1992, section 16B.122, is amended to read:

16B.122 [PURCHASE AND USE OF PAPER STOCK; PRINTING.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) *"Copier paper" means paper purchased for use in copying machines.*

(b) "Office paper" means notepads, loose-leaf fillers, tablets, and other paper commonly used in offices.

~~(b)~~ *(c)* "Postconsumer material" means a finished material that would normally be discarded as a solid waste, having completed its life cycle as a consumer item.

~~(c)~~ *(d)* "Practicable" means capable of being used, consistent with performance, in accordance with applicable specifications, and availability within a reasonable time.

~~(d)~~ *(e)* "Printing paper" means paper designed for printing, other than newsprint, such as offset and publication paper.

~~(e)~~ *(f)* "Public entity" means the state, an office, agency, or institution of the state, the metropolitan council, a metropolitan agency, the metropolitan mosquito control district, the legislature, the courts, a county, a statutory or home rule charter city, a town, a school district, another special taxing district, or any contractor acting pursuant to a contract with a public entity.

~~(f)~~ *(g)* "Soy-based ink" means printing ink made from soy oil.

~~(g)~~ *(h)* "Uncoated" means not coated with plastic, clay, or other material used to create a glossy finish.

Subd. 2. [PURCHASES; PRINTING.] (a) Whenever practicable, a public entity shall:

(1) purchase uncoated office paper and printing paper;

(2) purchase recycled content paper with at least ten percent postconsumer material by weight;

(3) purchase paper which has not been dyed with colors, excluding pastel colors;

(4) purchase recycled content paper that is manufactured using little or no chlorine bleach or chlorine derivatives;

(5) use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;

(6) use reusable binding materials or staples and bind documents by methods that do not use glue;

(7) use soy-based inks; and

(8) produce reports, publications, and periodicals that are readily recyclable within the state resource recovery program.

(b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.

(c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

(d) Notwithstanding paragraph (a), clause (2), and section 16B.121, copier paper purchased by a state agency must contain at least ten percent postconsumer material by fiber content.

Subd. 3. [PUBLIC ENTITY PURCHASING.] *(a) Notwithstanding section 365.37, 375.21, 412.331, or 473.705, a public entity may purchase recycled materials when the price of the recycled materials does not exceed the price of nonrecycled materials by more than ten percent. In order to maximize the quantity and quality of recycled materials purchased, a public entity also may use other appropriate procedures to acquire recycled materials at the most economical cost to the public entity.*

(b) When purchasing commodities and services, a public entity shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. A public entity, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the applicable local or regional recycling program and the extent to which the commodity or product contains postconsumer material.

Sec. 3. Minnesota Statutes 1992, section 16B.123, is amended to read:

16B.123 [PACKING MATERIALS.]

Subdivision 1. [REQUIRED USE.] Whenever technically feasible, a public entity shall purchase and use degradable loose foam packing material manufactured from vegetable starches or other renewable resources, unless the cost of the packing material is more than ten percent greater than the cost of packing material made from nonrenewable resources.

Subd. 2. [DEFINITION; PACKING MATERIAL.] For the purposes of this section, "packing material" means loose foam material, other than an exterior packaging shell, that is used to stabilize, protect, cushion, or brace the contents of a package.

Subd. 3. [PURCHASE OF PACKAGED PRODUCTS.] *Whenever practicable, a public entity shall specify use of degradable loose foam packing material in contracting for purchase of packaged products, unless the cost of packaging a product with loose foam packing material is more than ten percent greater than the cost of packaging the product with loose foam packing material made from nonrenewable resources.*

Sec. 4. Minnesota Statutes 1992, section 16B.24, is amended by adding a subdivision to read:

Subd. 11. [RECYCLING OF FLUORESCENT LAMPS.] *When a fluorescent lamp containing mercury is removed from service in a building or premises owned by the state or rented by the state, the commissioner shall ensure that the lamp is recycled if a recycling facility, which has been licensed or permitted by the agency or is operated subject to a compliance agreement with, or other approval by, the commissioner, is available in this state.*

Sec. 5. Minnesota Statutes 1992, section 17.135, is amended to read:

17.135 [FARM DISPOSAL OF SOLID WASTE.]

(a) A permit is not required from a state agency, except under sections 88.16, 88.17, and 88.22 for a person who owns or operates land used for farming that buries, or burns and buries, solid waste generated from the person's household or as part of the person's farming operation if the burying is done in a nuisance free, pollution free, and aesthetic manner on the land used for farming. This exception does not apply if regularly scheduled pickup of solid waste is reasonably available at the person's farm, as determined by resolution of the county board of the county where the person's farm is located.

(b) This exemption does not apply to burning tires or plastics, except plastic baling twine, or to burning or burial of the following materials:

(1) household hazardous waste as defined in section 115A.96, subdivision 1;

(2) appliances, including but not limited to, major appliances as defined in section 115A.03, subdivision 17a;

(3) household batteries;

(4) used motor oil; and

(5) lead acid batteries from motor vehicles.

Sec. 6. Minnesota Statutes 1992, section 115.071, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of sections 103F.701 to 103F.761, chapters 115, *115A,* and 116, *and sections 325E.10 to 325E.1251 and 325E.32* and all rules, standards, orders, stipulation agreements, schedules of compliance, and permits adopted or issued by the agency thereunder or under any other law now in force or hereafter enacted for the prevention, control, or abatement of pollution may be enforced by any one or

any combination of the following: criminal prosecution; action to recover civil penalties; injunction; action to compel performance; or other appropriate action, in accordance with the provisions of said chapters and this section.

Sec. 7. Minnesota Statutes 1992, section 115A.03, is amended by adding a subdivision to read:

Subd. 22b. [PACKAGING.] *"Packaging" means a container and any appurtenant material that provide a means of transporting, marketing, protecting, or handling a product. "Packaging" includes pallets and packing such as blocking, bracing, cushioning, weatherproofing, strapping, coatings, closures, inks, dyes, pigments, and labels.*

Sec. 8. Minnesota Statutes 1992, section 115A.03, is amended by adding a subdivision to read:

Subd. 25c. [RECYCLING FACILITY.] *"Recycling facility" means a facility at which materials are prepared for reuse in their original form or for use in manufacturing processes that do not cause the destruction of the materials in a manner that precludes further use.*

Sec. 9. Minnesota Statutes 1992, section 115A.034, is amended to read:

115A.034 [ENFORCEMENT.]

This chapter may be enforced under ~~section~~ *sections 115.071 and* 116.072.

Sec. 10. [115A.415] [SUBSTANDARD DISPOSAL FACILITIES.]

Beginning July 1, 1995:

(1) a person may not deliver unprocessed mixed municipal solid waste to a substandard disposal facility; and

(2) an operator of a substandard disposal facility may not accept unprocessed mixed municipal solid waste for deposit in the disposal facility.

For the purpose of this section, "substandard disposal facility" means a disposal facility that does not meet the design, construction, and operation requirements for a new mixed municipal solid waste facility contained in state rules in effect as of January 1, 1993.

For the purpose of this section, waste is "unprocessed" if it has not, after collection and before disposal, undergone at least one process, as defined in section 115A.03, subdivision 25, excluding storage, exchange, and transfer of the waste.

Sec. 11. Minnesota Statutes 1992, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The ~~office~~ *director* 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 cocompost 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~~ *director* 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~~ *director*, 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~~ *eight* 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 paragraph (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 ~~office~~ *director* shall adopt rules for the program by July 1, 1985.

Sec. 12. Minnesota Statutes 1992, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a solid waste composting, incineration, refuse derived fuel or disposal facility shall allow access upon reasonable notice to authorized office, agency, or metropolitan council staff for the purpose of conducting waste composition studies or otherwise assessing the amount of total packaging in the waste delivered to the facility under this section.

Beginning in 1993, by February 1 of each year the owner or operator of a facility governed by this subdivision shall submit a report to the commissioner, on a form prescribed by the commissioner, ~~information~~ specifying the total amount of solid waste received by the facility between January 1 and December 31 of the previous year. The commissioner shall calculate the total amount of solid waste delivered to solid waste facilities from the reports

received from the facility owners or operators and shall report the aggregate amount to the director by April 1 of each year. The commissioner shall assess a nonforgivable administrative penalty under section 116.072 of $500 plus any forgivable amount necessary to enforce this subdivision on any owner or operator who fails to submit a report required by this subdivision.

Sec. 13. Minnesota Statutes 1992, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] By December 31, 1996, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, 30 percent by weight of total solid waste generation;

(2) for a metropolitan county, 45 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal. For the purposes of this subdivision "recycle" and "total solid waste generation" have the meanings given them in subdivision 1, except that neither includes yard waste.

For a county that, by January 1, 1995, is implementing a solid waste reduction program that is approved by the director, the director shall apply three percentage points toward achievement of the recycling goals in this subdivision. In addition, the director shall apply demonstrated waste reduction that exceeds three percent reduction toward achievement of the goals in this subdivision.

Sec. 14. Minnesota Statutes 1992, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] The office, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area, shall monitor the progress of each county toward meeting the recycling goals in subdivisions 2 and 2a ~~and~~. *The office* shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year. *The metropolitan council shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year.* If the office or the council finds that a county is not progressing toward the goals in subdivisions 2 and 2a, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goals, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

In even-numbered years the *office's* progress report may be included in the solid waste management policy report required under section 115A.411. *The metropolitan council's progress report shall be included in the report required by section 473.149.*

Sec. 15. Minnesota Statutes 1992, section 115A.56, is amended to read:

115A.56 [RECYCLED CONTENT; LABELS.]

(a) A person may not label or otherwise indicate on a product or package for sale or distribution that the product or package contains recycled material unless the label or other indication states the minimum percentage of postconsumer material in the product or package:

(1) by weight for a finished nonpaper product or package; and

(2) by fiber content for a finished paper product or package.

For the purposes of this section "product" includes advertising materials and campaign material as defined in section 211B.01, subdivision 2.

(b) Paragraph (a) does not apply to products that qualify for and use the recycling emblem established by the state of New York that was in effect on December 14, 1990.

Sec. 16. Minnesota Statutes 1992, section 115A.916, is amended to read:

115A.916 [~~USED OIL; LAND DISPOSAL PROHIBITED~~ *MOTOR AND VEHICLE FLUIDS AND FILTERS; PROHIBITIONS.*]

A person may not place ~~used~~ *motor* oil, *brake fluid, power steering fluid, transmission fluid, motor oil filters, or antifreeze:*

(1) in ~~mixed municipal~~ solid waste ~~or place used oil~~*;*

(2) in or on the land, unless approved by the agency*; or*

(3) in or on the waters of the state or in a stormwater or wastewater collection or treatment system. ~~This section may be enforced by the agency pursuant to sections 115.071 and 116.072.~~

For the purposes of this section, "antifreeze" does not include small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include deicer that has been used on the exterior of a vehicle.

This section does not apply to antifreeze placed in a wastewater collection system that includes a publicly owned treatment works that is permitted by the agency until July 1, 1995.

Sec. 17. Minnesota Statutes 1992, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

Each local government unit ~~that collects a fee under section 115A.919, 115A.921, or 115A.923~~ shall account for all revenue collected from ~~the fee~~ *waste management fees*, together with interest earned on ~~the~~ revenue from the ~~fee~~ *fees*, separately from other revenue collected by the local government unit and shall report revenue collected from the ~~fee~~ *fees* and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. *For the purposes of this section, "waste management fees" means:*

(1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;

(2) all tipping fees collected at waste management facilities owned or operated by the local government unit;

(3) all charges imposed by the local government unit for waste collection and management services; and

(4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the local government unit.

Sec. 18. [115A.9302] [WASTE DEPOSIT DISCLOSURE.]

Subdivision 1. [DISCLOSURE REQUIRED.] *By January 1, 1994, and at least annually thereafter, a person that collects construction debris, industrial waste, or mixed municipal solid waste for transportation to a waste facility shall disclose to each waste generator from whom waste is collected the name, location, and type of, and the number of the permit issued by the agency, or its counterpart in another state, if applicable, for the processing or disposal facility or facilities, excluding a transfer station, at which the waste will be deposited. The collector shall note both the primary facility at which the collector most often deposits waste and any alternative facilities regularly used by the collector.*

Subd. 2. [FORM OF DISCLOSURE.] *A collector shall make the disclosure to the waste generator in writing at least once per year or on any written contract for collection services for that year. If an additional facility becomes either a primary facility or an alternative facility during the year, the collector shall make the disclosure set forth in subdivision 1 within 30 days. A local government unit that collects solid waste without direct charges to waste generators shall make the disclosure on any statement that includes an amount for waste management, provided that, at a minimum, disclosure to waste generators must be made at least twice annually in a form likely to be available to all generators.*

Subd. 3. [TRANSFER STATIONS.] *If the collector deposits waste at a transfer station, the collector need not disclose the name and location of the transfer station but must disclose the destination of the waste when it leaves the transfer station.*

Sec. 19. Minnesota Statutes 1992, section 115A.932, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITIONS.] (a) A person may not place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

(1) in solid waste; or

(2) in a wastewater disposal system.

(b) A person may not knowingly place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

(1) in a solid waste processing facility; or

(2) in a solid waste disposal facility, as defined in section 115.01, subdivision 4.

(c) A person may not knowingly place a fluorescent or high intensity discharge lamp:

(1) in solid waste; or

(2) in a solid waste facility, except a household hazardous waste collection or recycling facility.

This paragraph does not apply to waste lamps generated by households until August 1, 1994.

Sec. 20. Minnesota Statutes 1992, section 115A.94, subdivision 5, is amended to read:

Subd. 5. [COUNTY ORGANIZED COLLECTION.] (a) A county may by ordinance require cities and towns within the county to organize collection. Organized collection ordinances of counties may:

(1) require cities and towns to require the separation and separate collection of recyclable materials;

(2) specify the material to be separated; and

(3) require cities and towns to meet any performance standards for source separation that are contained in the county solid waste plan.

(b) A county may itself organize collection *under subdivision 4* in any city or town that does not comply with a county organized collection ordinance adopted under this subdivision, and the county may implement, as part of its organized collection, the source separation program and performance standards required by its organized collection ordinance.

Sec. 21. Minnesota Statutes 1992, section 115A.94, subdivision 6, is amended to read:

Subd. 6. [ORGANIZED COLLECTION NOT REQUIRED OR PREVENTED.] *(a) The authority granted in this section to organize solid waste collection is optional and is in addition to authority to govern solid waste collection granted by other law.*

(b) Except as provided in subdivision 5, a city, town, or county is not:

(1) required to organize collection; or

(2) prevented from organizing collection of solid waste or recyclable material.

(c) Except as provided in subdivision 5, a city, town, or county may exercise any authority granted by any other law, including a home rule charter, to govern collection of solid waste.

Sec. 22. Minnesota Statutes 1992, section 115A.941, is amended to read:

115A.941 [SOLID WASTE; REQUIRED COLLECTION.]

(a) Except as provided in paragraph (b), each city, and town *described in section 368.01,* with a population of *1,000 or more, and any other town with a population of* 5,000 or more shall ensure that every residential household and business in the city or town has solid waste collection service. To comply with this section, a city or town may organize collection, provide collection, or require by ordinance that every household and business has a contract for

collection services. An ordinance adopted under this section must provide for enforcement.

(b) A city or town ~~with a population of 5,000 or more~~ *described in paragraph (a)* may exempt a residential household or business in the city or town from the requirement to have solid waste collection service if the household or business ensures that an environmentally sound alternative is used.

(c) To the extent practicable, the costs incurred by a city or town under this section must be incorporated into the collection system or the enforcement mechanisms adopted under this section by the city or town.

Sec. 23. [115A.9523] [HAZARDOUS PRODUCTS; LABELING.]

Subdivision 1. [DEFINITIONS.] *(a) The definitions in this subdivision apply to this section.*

(b) "Hazardous product" means a product that, as a product or when it becomes a waste, exhibits a hazardous characteristic of ignitability, corrosivity, reactivity, or toxicity, or any combination of these characteristics, as defined and listed under the criteria in Code of Federal Regulations, title 40, sections 261.20 to 261.24. "Hazardous product" does not include:

(1) a pesticide that is registered under chapter 18B;

(2) a product that is required to be labeled for proper waste management under other state or federal law;

(3) a battery that complies with sections 115A.961 and 325E.125 as applicable to the battery; or

(4) a prescription drug.

(c) "Product" means tangible personal property that is manufactured or imported for retail sale or use in this state. "Product" does not include a durable good with an expected useful life of three years or more.

Subd. 2. [UNIFORM LABEL.] *The director shall adopt a rule to establish a uniform label for hazardous products that must include at least a warning that, as waste, the product contains a hazardous material that can harm the environment if not properly managed and information for proper management or disposal of the waste product.*

Subd. 3. [LABEL; REQUIRED USE.] *After January 1, 2000, a manufacturer may not knowingly offer a hazardous product for distribution, sale, or use in this state unless the product is labeled, on the product itself or on the container, with the label adopted under subdivision 2. This subdivision is not effective if the federal government adopts and implements uniform labeling of hazardous products by January 1, 2000, and if the label required both warns of the presence of hazardous material and informs of proper management of the product as waste. For the purposes of this subdivision, a retailer or a distributor is not a manufacturer and is not subject to the requirements of this section.*

Sec. 24. Minnesota Statutes 1992, section 115A.965, subdivision 1, is amended to read:

Subdivision 1. [PACKAGING.] (a) As soon as feasible but not later than August 1, 1993, no manufacturer or distributor may sell or offer for sale or for

promotional purposes in this state packaging or a product that is contained in packaging if the packaging itself, or any inks, dyes, pigments, adhesives, stabilizers, or any other additives to the packaging contain any lead, cadmium, mercury, or hexavalent chromium that has been intentionally introduced as an element during manufacture or distribution of the packaging. Intentional introduction does not include the incidental presence of any of the prohibited elements.

(b) For the purposes of this section~~,~~:

(1) "distributor" means a person who imports packaging or causes packaging to be imported into the state*; and*

(2) until August 15, 1995, "packaging" does not include steel strapping containing a total concentration level of lead, cadmium, mercury, and hexavalent chromium, added together, of less than 100 parts per million by weight.

Sec. 25. Minnesota Statutes 1992, section 115A.9651, is amended to read:

115A.9651 [TOXICS IN PRODUCTS; ENFORCEMENT.]

After July 1, 1994, no person may deliberately introduce lead, cadmium, mercury, or hexavalent chromium into any *ink,* dye, *pigment,* paint, or fungicide that is intended for use or for sale in this state.

Until July 1, 1997, this section does not apply to electrodeposition primer coating, porcelain enamel coatings, medical devices, hexavalent chromium in the form of chromine acid when processed at a temperature of at least 750 degrees Fahrenheit, or ink used for computer identification markings.

This section does not apply to art supplies.

This section may be enforced under sections 115.071 and 116.072. The attorney general or the commissioner of the agency shall coordinate enforcement of this section with the director of the office.

Sec. 26. Minnesota Statutes 1992, section 115A.981, is amended to read:

115A.981 [SOLID WASTE MANAGEMENT; ECONOMIC STATUS AND OUTLOOK.]

Subdivision 1. [RECORD KEEPING REQUIREMENTS.] The owner or operator of a solid waste ~~disposal~~ facility must maintain the records necessary to comply with the requirements of subdivision 2.

Subd. 2. [ANNUAL REPORTING.] (a) The owner or operator of a solid waste disposal facility shall submit an annual report to the commissioner that includes:

(1) a certification that the owner or operator has established financial assurance for closure, postclosure care, and corrective action at the facility by using one or more of the financial assurance mechanisms specified by rule and specification of the financial assurance mechanism used, including the amount paid in or assured during the past year and the total amount of financial assurance accumulated to date; and

(2) a schedule of fees charged ~~by~~ *at* the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customer.

(b) *The owner or operator of a solid waste facility, other than a private recycling facility, that is not a disposal facility and that is not governed by paragraph (c) shall submit an annual report to the commissioner that includes a schedule of fees charged at the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customers.*

(c) The owner or operator of a solid waste facility whose construction or operation was or is wholly or partially publicly financed, except when the public financing consists entirely of a grant for less than 15 percent of the cost of construction or consists solely of the sale of revenue bonds, and a local government unit that is the owner or operator of a solid waste facility shall submit an annual report to the commissioner that includes:

(1) a schedule of fees charged at the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customers;

(2) a description of the amounts and sources of capital financing for the facility, including current debt and principal and interest payments made on the debt to date;

(3) an accounting of the costs of administration and operation of the facility;

(4) identification of the source and amount of any additional financing for the administration or operation of the facility not included in the fees reported under clause (1); and

(5) identification of the purposes of expenditure of any fees reported under clause (1) that are not expended for servicing or repaying debt on the facility or for administration and operation of the facility.

(d) The agency may suspend the operation of a ~~disposal~~ facility whose permittee fails to file the information required under this subdivision. The owner or operator of a facility may not increase fees until 30 days after the owner or operator has submitted a fee schedule amendment to the commissioner.

Subd. 3. [REPORT.] (a) The commissioner shall report to the legislative commission on waste management by July 1 of each odd-numbered year on the economic status and outlook of the state's solid waste management sector including:

~~(1)~~ an estimate of the extent to which prices for solid waste management paid by consumers reflect costs related to environmental and public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices;.

~~(2) a discussion of how the market structure for solid waste management influences prices, considering:~~

~~(i) changes in the solid waste management market structure;~~

~~(ii) the relationship between public and private involvement in the market; and~~

~~(iii) the effect on market structures of waste management laws and rules; and~~

~~(3) any recommendations for strengthening or improving the market structure for solid waste management to ensure protection of human health and the environment, taking into account the preferred waste management practices listed in section 115A.02 and considering the experiences of other states.~~

(b) In preparing the report, the commissioner shall:

(1) consult with the director; the metropolitan council; local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste ~~disposal~~ facilities; and other interested persons;

(2) consider information received under subdivision 2; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) ~~If an action recommended by the commissioner under paragraph (a) would significantly affect the solid waste management market structure, the commissioner shall, in consultation with the entities listed in paragraph (b), clause (1), prepare and include in the report an analysis of the potential impacts and effectiveness of the action, including impacts on:~~

~~(1) the public and private waste management sectors;~~

~~(2) future innovation and responsiveness to new approaches to solid waste management; and~~

~~(3) the costs of waste management.~~

~~(d)~~ 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 how each facility is meeting those requirements.

Sec. 27. Minnesota Statutes 1992, section 116.78, is amended by adding a subdivision to read:

Subd. 3a. [WASTE CONTAINERS.] *Noninfectious mixed municipal solid waste generated by a facility must be placed for containment, collection, and processing or disposal in containers that are sufficiently transparent that the contents of the containers may be viewed from the exterior of the containers. The operator of a mixed municipal solid waste facility may not refuse to accept mixed municipal solid waste generated by a facility that complies with this subdivision, unless the operator observes that the waste contains sharps or other infectious waste.*

Sec. 28. Minnesota Statutes 1992, section 116.92, subdivision 7, is amended to read:

Subd. 7. [FLUORESCENT AND HIGH INTENSITY DISCHARGE LAMPS; LARGE USE APPLICATIONS.] (a) A person who sells fluorescent or high intensity discharge lamps that contain mercury to the owner or manager of an industrial, commercial, office, or multiunit residential building, or to any person who replaces or removes from service outdoor lamps that contain mercury, shall clearly inform the purchaser in writing on the invoice for the lamps, or in a separate writing, that the lamps contain mercury, a hazardous substance that is regulated by federal or state law *and that they may not be placed in solid waste*. This paragraph does not apply to a person who incidentally sells fluorescent or high intensity discharge lamps at retail to the specified purchasers.

(b) A person who contracts with the owner or manager of an industrial, commercial, office, or multiunit residential building, or with a person responsible for outdoor lighting, to remove from service fluorescent or high intensity discharge lamps that contain mercury shall clearly inform, in writing, the person for whom the work is being done that the lamps being removed from service contain mercury and what the contractor's arrangements are for the management of the mercury in the removed lamps.

Sec. 29. [116.93] [LAMP RECYCLING FACILITIES.]

Subdivision 1. [DEFINITION.] *For the purposes of this section, "lamp recycling facility" means a facility operated to remove, recover, and recycle for reuse mercury or other hazardous materials from fluorescent or high intensity discharge lamps.*

Subd. 2. [LAMP RECYCLING FACILITY; PERMITS OR LICENSES.] *(a) A person may not operate a lamp recycling facility without obtaining a permit or license for the facility from the agency. The permit or license must require:*

(1) a plan for response to releases, including emergency response;

(2) proof of financial responsibility for closure and any necessary postclosure care at the facility which may include a performance bond or other insurance; and

(3) liability insurance or another financial mechanism that provides proof of financial responsibility for response actions required under chapter 115B.

(b) A lamp recycling facility that is licensed or permitted by a county under section 473.811, subdivision 5b, complies with this subdivision if the license or permit held by the facility contains at least all the terms and conditions required by the agency for a license or permit issued under this subdivision.

(c) A lamp recycling facility with a demonstrated capability for recycling that is in operation prior to adoption of rules for a licensing or permitting process for the facility by the agency may continue to operate in accordance with compliance agreement or other approval by the commissioner until a license or permit is issued by the agency under this subdivision.

Sec. 30. [116.94] [LOOSE FOAM PACKING MATERIAL; DIFFERENTIATION.]

(a) By July 1, 1995, the commissioner shall adopt rules to implement a method for easily and visually differentiating between packing material that is manufactured using only vegetable starches or other renewable resources and packing material manufactured using petroleum and other nonrenewable resources.

(b) For the purposes of this section "packing material" has the meaning given in section 16B.123, subdivision 2.

(c) This section applies only if loose foam packing material manufacturers do not establish and implement a differentiation method that complies with paragraph (a) not later than July 1, 1994.

Sec. 31. Minnesota Statutes 1992, section 216B.241, is amended by adding a subdivision to read:

Subd. 5. [CONSERVATION IMPROVEMENT PROGRAM; EFFICIENT LIGHTING.] *(a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.*

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the pollution control agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high intensity discharge lamps under this subdivision are conservation improvement spending under this section.

Sec. 32. Minnesota Statutes 1992, section 325E.1151, subdivision 1, is amended to read:

Subdivision 1. [PURCHASERS MUST RETURN BATTERY OR PAY $5.] (a) A person who purchases a lead acid battery at retail, *except a lead acid battery that is designed to provide power for a boat motor that is purchased at the same time as the battery,* must:

(1) return a lead acid battery to the retailer; or

(2) pay the retailer a $5 surcharge.

(b) A person who has paid a $5 surcharge under paragraph (a) must receive a $5 refund from the retailer if the person returns a lead acid battery with a receipt for the purchase of a new battery from that retailer within 30 days after purchasing a new lead acid battery.

(c) A retailer may keep the unrefunded surcharges for lead acid batteries not returned within 30 days.

Sec. 33. Minnesota Statutes 1992, section 325E.12, is amended to read:

325E.12 [PENALTY.]

~~Any person violating~~ *Violation of* sections 325E.10 to ~~325E.12 shall be guilty of~~ *325E.1151 is* a petty misdemeanor. *Sections 325E.10 to 325E.1151 may be enforced under section 115.071.*

Sec. 34. Minnesota Statutes 1992, section 325E.125, subdivision 1, is amended to read:

Subdivision 1. [LABELING.] (a) The manufacturer of a button cell battery that is to be sold in this state shall ensure that each battery *contains no intentionally introduced mercury or* is labeled to clearly identify for the final consumer of the battery the type of electrode used in the battery.

(b) The manufacturer of a rechargeable battery that is to be sold in this state shall ensure that each rechargeable battery is labeled to clearly identify for the final consumer of the battery the type of electrode and the name of the manufacturer. The manufacturer of a rechargeable battery shall also provide clear instructions for properly recharging the battery.

Sec. 35. Minnesota Statutes 1992, section 325E.1251, is amended to read:

325E.1251 [PENALTY ENFORCEMENT.]

Subdivision 1. [PENALTY.] Violation of ~~sections 115A.9155 and~~ *section* 325E.125 is a misdemeanor. A manufacturer who violates section ~~115A.9155 or~~ 325E.125 is also subject to a minimum fine of $100 per violation.

Subd. 2. [RECOVERY OF COSTS.] *Section 325E.125 may be enforced under section 115.071.* In an enforcement action under this section in which the state prevails, the state may recover reasonable administrative expenses, court costs, and attorney fees incurred to take the enforcement action, in an amount to be determined by the court.

Sec. 36. Minnesota Statutes 1992, section 400.04, subdivision 3, is amended to read:

Subd. 3. [ACQUISITION, CONSTRUCTION, AND OPERATION OF PROPERTY AND FACILITIES.] A county may acquire, construct, enlarge, improve, repair, supervise, control, maintain, and operate any and all solid waste facilities and other property and facilities needed, used, or useful for solid waste management purposes. Notwithstanding any other law to the contrary, a county may ~~contract for recycling services, and~~ purchase and lease materials, equipment, machinery, and such other personal property as is necessary for such purposes *including recycling* upon terms and conditions determined by the board, with or without advertisement for bids including the use of conditional sales contracts and lease-purchase agreements. If a county contract is let by negotiation, without advertising for bids, the county shall conduct such negotiation and award the contract using a fair and open procedure and in full compliance with section 471.705. If a county contract is to be awarded by bid, the county may, after notice to the public and prospective bidders, conduct a fair and open process of prequalification of bidders prior to advertisement for bids. A county may employ such personnel as are reasonably necessary for the care, maintenance and operation of such property and facilities. A county shall contract with private persons for the construction, maintenance, and operation of solid waste facilities where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 37. Minnesota Statutes 1992, section 400.04, subdivision 4, is amended to read:

Subd. 4. [MANAGEMENT AND SERVICE CONTRACTS.] *Notwithstanding sections 375.21 and 471.345,* a county may enter into contracts for the construction, installation, maintenance and operation of property and facilities on private or public lands and may contract for the furnishing of solid waste management services ~~.~~ *upon terms and conditions determined by the board, with or without advertisement for bids, including the use of conditional sales contracts and lease-purchase agreements. If a county contract is let by negotiation, without advertising for bids, the county shall conduct negotiations and award the contract using a fair and open procedure and in full compliance with section 471.705.*

Sec. 38. Minnesota Statutes 1992, section 400.08, subdivision 3, is amended to read:

Subd. 3. [SERVICE CHARGES.] The county may establish by ordinance, revise when deemed advisable, and collect just and reasonable rates and charges for solid waste management services provided by the county or by others under contract with the county. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for solid waste management services to their properties, *including properties owned, leased, or used by the state or a political subdivision of the state, including the regional transit board established in section 473.373, the metropolitan airports commission established in section 473.603, the state*

agricultural society established in section 37.01, a local government unit, and any other political subdivision, and may obligate the user of any facility to pay a reasonable charge for the use of the facility. Rates and charges may take into account the character, kind, and quality of the service and of the solid waste, the method of disposition, the number of people served at each place of collection, and all other factors that enter into the cost of the service, including but not limited to depreciation and payment of principal and interest on money borrowed by the county for the acquisition or betterment of facilities. A notice of intention to enact an ordinance, published pursuant to section 375.51, subdivision 2, shall provide for a public hearing prior to the meeting at which the ordinance is to be considered.

Sec. 39. Minnesota Statutes 1992, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The council shall report on abatement to the legislative commission on waste management by ~~November~~ *July* 1 of each year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the council's plan. The report must recommend any legislation that may be required to implement the plan. *The report shall include the reports required by sections 115A.551, subdivision 5; 473.846; and 473.848, subdivision 4.* If in any year the council reports that the objectives of the council's abatement plan have not been met, the council shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report in each even-numbered year must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 40. Minnesota Statutes 1992, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] *By April 1 of each year,* each metropolitan county shall prepare and submit ~~annually~~ to the council for its approval a report containing information, as the council may prescribe in its policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the council's policy plan and county master plan. The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1c. The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

The report shall contain the recycling development grant report required by section 473.8441 and the annual certification report required by section 473.848.

Sec. 41. Minnesota Statutes 1992, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The council shall distribute the funds annually so that each qualifying county receives an equal share of 50 percent of the council's allocation to the program described in this section, plus a proportionate share of the remaining funds available for the program. A county's proportionate share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties.

(b) To qualify for distribution of funds, a county, by ~~August 15~~ *April 1* of each year, must submit for council approval a report on expenditures and activities under the program during the preceding fiscal year and any proposed changes in its recycling implementation strategy or performance funding system. *The report shall be included in the county report required by section 473.803, subdivision 3.*

Sec. 42. Minnesota Statutes 1992, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

~~By November 1, 1986, and each year thereafter,~~ The agency and metropolitan council shall submit to the senate finance committee, the house appropriations committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement *account* and contingency action ~~funds~~ *trust fund* has been spent during the previous fiscal year. *The agency shall report by November 1 of each year.* The council ~~may~~ *shall* incorporate its report in the report required by section 473.149, *due July 1 of each year*. ~~In its 1988 report,~~ The council shall make recommendations to the ~~legislature~~ *legislative commission on waste management* on the future management and use of the metropolitan landfill abatement ~~fund~~ *account*.

Sec. 43. Minnesota Statutes 1992, section 473.848, subdivision 2, is amended to read:

Subd. 2. [COUNTY CERTIFICATION; COUNCIL APPROVAL.] (a) *By April 1 of each year,* each county shall submit ~~a semiannual~~ *an annual* certification report to the council detailing:

(1) the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the ~~six months~~ *year* preceding the report;

(2) the reasons the waste was not processed;

(3) a strategy for development of techniques to ensure processing of waste including a specific timeline for implementation of those techniques; and

(4) any progress made by the county in reducing the amount of unprocessed waste.

The report shall be included in the county report required by section 473.803, subdivision 3.

(b) The council shall approve a county's *certification* report if it determines that the county is reducing and will continue to reduce the amount of unprocessed waste, based on the report and the county's progress in

development and implementation of techniques to reduce the amount of unprocessed waste transferred to disposal facilities. If the council does not approve a county's report, it shall negotiate with the county to develop and implement specific techniques to reduce unprocessed waste. If the council does not approve ~~three~~ *two* or more consecutive reports from any one county, the council shall develop specific reduction techniques that are designed for the particular needs of the county. The county shall implement those techniques by specific dates to be determined by the council.

Sec. 44. Minnesota Statutes 1992, section 473.848, subdivision 3, is amended to read:

Subd. 3. [FACILITY CERTIFICATION; ~~COUNTY REPORTS~~.] ~~(a)~~ The operator of each resource recovery facility that receives waste from counties in the metropolitan area shall certify as unprocessible each load of mixed municipal solid waste it does not process. Certification must be made to each county that sends its waste to the facility at intervals specified by the county. Certification must include at least the number and size of loads certified as unprocessible and the reasons the waste is unprocessible. Loads certified as unprocessible must include the loads that would otherwise have been processed but were not processed because the facility was not in operation, but nothing in this section relieves the operator of its contractual obligations to process mixed municipal solid waste.

~~(b) A county that sends its waste to a resource recovery facility shall submit a semiannual report to the council detailing the quantity of waste generated within the county that was not processed during the six months preceding the report, the reasons the waste was not processed, and a strategy for reducing the amount of unprocessed mixed municipal solid waste.~~

Sec. 45. Laws 1991, chapter 347, article 1, section 15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who disposes of solid waste as defined in Minnesota Statutes, section 116.06, subdivision 10, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property. *A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose or otherwise manage the waste.*

Sec. 46. Laws 1991, chapter 347, article 1, section 15, subdivision 6, is amended to read:

Subd. 6. [STUDY OF FIELD CITATION PILOT PROGRAM.] The pollution control agency, in consultation with the department of natural resources and the attorney general, shall prepare a study on the effectiveness and limitations of the field citation pilot program. The study must make recommendations about the continued use of field citations. The study must be submitted to the legislative commission on waste management by November 15, 1992, *and must be updated and resubmitted to the commission by November 15, 1993.*

Sec. 47. Laws 1991, chapter 347, article 1, section 20, is amended to read:

Sec. 20. [EFFECTIVE DATE.]

Section 19 is effective July 1, ~~1993~~ *1994*.

Sec. 48. Laws 1992, chapter 593, article 1, section 55, is amended to read:

Sec. 55. [EFFECTIVE DATE.]

Except as provided in this section, article 1 is effective August 1, 1992.

Sections 22, 31 to 34, 37 to 40, and 45 are effective the day following final enactment.

Section 43 is effective August 1, 1991.

Sections 12; 17; 24; 27, subdivision 1; 29, subdivision 3; and 36 are effective January 1, 1993, and section 36 applies to sweeping compound manufactured on or after that date.

Section 18 is effective for products and packaging manufactured on or after January 1, 1993.

Section 35, *paragraph (a)*, is effective ~~July 1, 1993~~ *January 1, 1997, and paragraph (b) is effective July 1, 1993*, and ~~applies~~ *those paragraphs apply* to batteries manufactured on or after ~~that date~~ *those dates*.

~~Sections 3 and 29, subdivision 2, are~~ *Section 3 is* effective August 1, 1993.

Sections 26 and 27, subdivision 2, are effective January 1, 1994.

Section 29, ~~subdivision~~ *subdivisions 2 and* 4, clauses (1) and (2), are effective August 1, 1994.

Sec. 49. [POLICY PLAN AMENDMENT.]

The metropolitan council shall amend the policy plan required by Minnesota Statutes, section 473.149, to incorporate the requirements imposed by sections 40 to 44.

Sec. 50. [WASTE TIRE REPORT; INCLUSION.]

The waste tire report due to the legislative commission on waste management under Minnesota Statutes, section 115A.913, subdivision 5, by November 15, 1993, must include an evaluation of the adequacy of existing mechanisms and systems for managing waste tires as they are generated. The commissioner of the pollution control agency shall include in the report recommendations for legislation, if needed, to ensure that mechanisms are in place or are put in place to collect, store, transport, recycle, and otherwise manage waste tires properly.

Sec. 51. [SOLID WASTE MANAGEMENT POLICY REPORT; POSTPONEMENT.]

Under Minnesota Statutes, section 115A.411, a solid waste management policy report is not due to the legislative commission on waste management until July 1, 1996. In the interim, any reports authorized to be included with that report may be submitted as a combined report on or before the dates required for their submission.

Sec. 52. [PACKAGING REPORT.]

By October 1, 1993, the director of the office of waste management shall report to the legislative commission on waste management, and to the policy and finance committees of the legislature that address environment and

natural resources, the current and projected costs of managing waste packaging under existing solid waste management systems.

Sec. 53. [FLUORESCENT AND HIGH INTENSITY DISCHARGE LAMPS; COLLECTION STUDY.]

The director of the office of waste management, in consultation with representatives of public utilities, electric cooperative associations, and municipal utilities that provide electric service to retail customers, the commissioners of the pollution control agency and the department of public service, the Minnesota technical assistance program, the director of the legislative commission on waste management, residential, commercial, and industrial electric power consumers, local government units, representatives of manufacturers, wholesalers, distributors, retailers, and recyclers of fluorescent and high intensity discharge lamps, and other interested persons, shall examine and evaluate the potential for collection systems for spent fluorescent and high intensity discharge lamps from households and small businesses. The director shall identify barriers to an effective collection system and approaches to reduce and remove those barriers.

By November 1, 1993, the director shall submit a report to the legislative commission on waste management that, at a minimum, recommends:

(1) collection and management systems for spent lamps that are generated within the service areas of public utilities not governed by Minnesota Statutes, section 216B.241, subdivision 5, paragraph (b), cooperative electric associations, and municipal utilities that provide electric service to retail customers; and

(2) an implementation plan that includes provisions for technical assistance to public utilities, electric cooperative associations, municipal utilities, lamp manufacturers, wholesalers, distributors, and retailers, and local government units that establish fluorescent and high intensity discharge lamp promotion programs and collection systems.

Any person may establish or participate in pilot projects to encourage the use and proper management of spent lamps as part of the study required under this section. All the costs incurred by a public utility, cooperative electric association, or municipal utility related to a pilot project are conservation improvement spending for the purposes of Minnesota Statutes 1992, section 216B.241.

Sec. 54. [SOLID WASTE FACILITIES; PROOF OF FINANCIAL RESPONSIBILITY; STUDY.]

The commissioner of the pollution control agency shall determine whether insurance mechanisms exist that may adequately meet the requirements for proof of financial responsibility for reasonable and necessary response actions at solid waste disposal facilities as required under Minnesota Statutes 1992, section 116.07, subdivision 4h. The commissioner shall report findings made under this section, along with any recommendations for legislation, to the legislative commission on waste management by November 1, 1993. The commissioner shall also review existing regulatory requirements for proof of financial responsibility to ensure that the requirements have resulted in viable and adequate financial mechanisms to cover all projected reasonable and necessary response costs at facilities.

Sec. 55. [RECYCLING GLOSSY PAPER; TECHNICAL ASSISTANCE; REPORT.]

The director of the office of waste management shall provide technical assistance to persons who collect materials for recycling to encourage collection and recycling of glossy paper magazines and catalogs.

The director shall also survey collectors of recyclable materials in the state and markets for recyclable materials to determine the extent to which glossy paper catalogs and magazines are collected for recycling, the extent to which markets exist for recyclable glossy paper, and the extent to which market demand for glossy paper is being met by recycling collectors. By December 1, 1993, the director shall report to the legislative commission on waste management:

(1) the approximate percentage of glossy paper in the residential mixed municipal solid waste stream;

(2) waste management capacity needed to process or dispose of glossy paper as waste and the costs associated with managing glossy paper as waste;

(3) the percentage of glossy paper that is being collected and marketed for recycling;

(4) how to balance the supply of and demand for glossy paper for recycling, taking into account facilities and resources necessary for both management as waste and management as a recyclable material;

(5) the market price for recyclable glossy paper in relation to collection and transportation costs; and

(6) barriers to collection and marketing of glossy paper for recycling and suggestions for overcoming those barriers while minimizing public subsidization.

Sec. 56. [VOLUME OR WEIGHT BASED FEES; POSTPONEMENT OF EFFECTIVE DATE.]

A local government unit affected by the requirement in Minnesota Statutes 1992, section 115A.9301, to implement volume or weight based fees for solid waste collection may apply to the director of the office of waste management for postponement of the date for implementation of the fees. The director may grant a postponement only if the local government unit submits with its application a plan for evaluating alternative methods for complying with the law and a schedule for implementation of the required volume or weight based fees that the director determines will result in compliance with the law not later than January 1, 1995.

Sec. 57. [BASE UNITS FOR HOMESTEADED MULTIUNIT DWELLINGS.]

Upon application by an owner of a homesteaded multiunit dwelling, a local government unit that collects charges for solid waste collection directly from waste generators shall allocate a single base unit to not more than three dwelling units. The number of base units allocated to a multiunit dwelling must be sufficient to contain the amount of waste generated by the dwelling's occupants. This section expires January 1, 1995.

Sec. 58. [METROPOLITAN LANDFILL SITING; EFFECT OF MORATORIUM AND REPEAL.]

(a) The effects of Laws 1991, chapter 337, sections 84 and 90, paragraph (b), that were effective June 5, 1991 and August 1, 1992 respectively, include that:

(1) no development limitation continued under Minnesota Statutes 1982 to 1990, section 473.806, after December 31, 1992, and a claim for compensation for temporary development rights does not exist for any time period after that date;

(2) the metropolitan council may use the proceeds of bonds issued under Minnesota Statutes 1980 to 1990, section 473.831, to compensate property owners for temporary development rights or to purchase property under Minnesota Statutes 1984 to 1990, section 473.840, if the time period for which compensation for temporary development rights is claimed occurred prior to December 31, 1992, or if the request for purchase of the property was received prior to June 5, 1991; and

(3) a metropolitan county that acquired property under Minnesota Statutes 1984 to 1990, section 473.840, shall sell the property, subject to the approval of the metropolitan council.

(b) A county may lease or rent property that must be sold under paragraph (a), subject to approval of the metropolitan council, and may maintain property and casualty insurance on the property until ownership of the property is transferred. The county shall remit to the council any proceeds from leasing, renting, or selling property subject to this paragraph, less the reasonable expenses of the county to maintain the value of the property and to transfer ownership. The council shall use money remitted to it under this paragraph to retire solid waste debt incurred under Minnesota Statutes 1980 to 1990, section 473.831.

Sec. 59. [PENALTIES FOR ENVIRONMENTAL VIOLATIONS; LIST.]

(a) The attorney general shall compile a complete list of existing civil and criminal penalties for violations of laws and rules administered by the pollution control agency.

(b) The list must be submitted by February 1, 1994, to the senate and house of representatives committees on environment and natural resources, the senate committee on crime prevention, and the house of representatives committee on judiciary.

Sec. 60. [USE OF STATE FUNDS TO INVESTIGATE ENVIRONMENTAL VIOLATIONS.]

The attorney general may not use state funds to investigate violations of Minnesota Statutes, chapter 115 or 116 or section 609.671 unless the attorney general has developed a written policy in consultation with the commissioner of the pollution control agency regarding how these investigations are to be conducted.

Sec. 61. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall delete the phrases "used oil" and "used motor oil" in Minnesota Statutes, sections 115A.03, subdivision 21; 115A.551,

subdivision 1; and 115A.935; and insert the phrase "motor and vehicle fluids and filters."

Sec. 62. [EFFECTIVE DATE.]

Section 2, subdivisions 1 and 2, are effective July 1, 1996. Section 16 is effective January 1, 1994, except it is effective for motor oil filters generated by households on January 1, 1995. Sections 22 and 31 are effective August 1, 1994. Section 26 is effective the day following final enactment, except subdivision 2 is effective August 1, 1993. Section 34 is effective January 1, 1997. Section 38 is effective May 20, 1971. Section 60 is effective December 31, 1993."

Delete the title and insert:

"A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging and recycling facility; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; regulating management of certain automobile waste; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of solid waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring labeling of hazardous products; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and requiring certain utilities to collect spent lamps; requiring a study of collection of such lamps; extending by one year the solid waste field citation pilot program; clarifying the effects of the repeal of the metropolitan landfill siting process; requiring an environmental enforcement policy; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122; 16B.123; 16B.24, by adding a subdivision; 17.135; 115.071, subdivision 1; 115A.03, by adding subdivisions; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.965, subdivision 1; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A; and 116."

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

House Conferees: (Signed) Jean Wagenius, Dennis Ozment, Tom Rukavina, Alice Hausman, Sidney Pauly

Senate Conferees: (Signed) Janet B. Johnson, Ted A. Mondale, Gene Merriam, Dan Stevens, Kevin M. Chandler

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 287 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. 287 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Laidig	Murphy	Samuelson
Anderson	Frederickson	Langseth	Neuville	Solon
Beckman	Hanson	Lessard	Oliver	Spear
Belanger	Hottinger	Luther	Pappas	Stevens
Benson, D.D.	Janezich	Marty	Piper	Stumpf
Benson, J.E.	Johnson, D.E.	McGowan	Price	Terwilliger
Berglin	Johnson, J.B.	Merriam	Ranum	Wiener
Betzold	Kiscaden	Metzen	Reichgott	
Chandler	Knutson	Moe, R.D.	Riveness	
Chmielewski	Krentz	Mondale	Robertson	
Cohen	Kroening	Morse	Sams	

Those who voted in the negative were:

Berg	Dille	Larson	Olson	Runbeck
Bertram	Johnston	Lesewski	Pariseau	Vickerman
Day				

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

House File No. 931 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 931

A bill for an act relating to motor fuels; increasing minimum oxygen content in certain areas at certain times; amending Minnesota Statutes 1992, section 239.791, subdivisions 1 and 2.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 931, 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. 931 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] A person responsible for the product shall comply with the following requirements:

(a) After October ~~31~~ *1*, ~~1992~~ *1993*, gasoline sold or offered for sale in a carbon monoxide control area, and during a carbon monoxide control period, must contain at least ~~two~~ *2.7* percent oxygen by weight.

(b) After October ~~31~~ *1*, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least ~~two~~ *2.7* percent ~~by~~ oxygen *by* weight.

(c) After October ~~31~~ *1*, 1997, all gasoline sold or offered for sale in Minnesota must contain at least ~~two~~ *2.7* percent oxygen by weight.

Sec. 2. Minnesota Statutes 1992, section 273.1399, is amended by adding a subdivision to read:

Subd. 6. [EXEMPTION; ETHANOL PROJECTS.] *The provisions of this section do not apply to a tax increment financing district that satisfies all of the following requirements:*

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of revenue to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

(6) The total amount of increment for the district does not exceed $1,000,000.

Sec. 3. [REPEALER.]

Minnesota Statutes 1992, section 239.791, subdivision 2, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective beginning for state aid paid in 1994."

Amend the title as follows:

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

Page, 1, line 5, delete "and 2" and insert "; and 273.1399, by adding a subdivision; repealing Minnesota Statutes 1992, section 239.791, subdivision 2"

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

House Conferees: (Signed) Doug Peterson, Dee Long, Ann H. Rest

Senate Conferees: (Signed) Joe Bertram, Sr., Steven Morse, Cal Larson

Mr. Bertram moved that the foregoing recommendations and Conference Committee Report on H.F. No. 931 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. 931 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Morse	Sams
Anderson	Dille	Kroening	Murphy	Samuelson
Beckman	Flynn	Laidig	Neuville	Solon
Belanger	Frederickson	Langseth	Novak	Spear
Benson, D.D.	Hanson	Larson	Olson	Stevens
Benson, J.E.	Hottinger	Lesewski	Pappas	Stumpf
Berg	Janezich	Lessard	Pariseau	Terwilliger
Berglin	Johnson, D.E.	Luther	Piper	Vickerman
Bertram	Johnson, D.J.	Marty	Price	Wiener
Betzold	Johnson, J.B.	McGowan	Ranum	
Chandler	Johnston	Metzen	Reichgott	
Chmielewski	Kiscaden	Moe, R.D.	Riveness	
Cohen	Knutson	Mondale	Runbeck	

Messrs. Merriam, Oliver and Ms. Robertson voted in the negative.

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1039, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1039 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1039

A bill for an act relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county; proposing coding for new law in Minnesota Statutes, chapter 330.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1039, 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. 1039 be further amended as follows:

Page 1, line 14, after the period insert "*A statutory or home rule charter city or town may require an auctioneer who intends to conduct an auction in the city or town to submit proof of licensure and compliance with the bond requirements of this chapter at least 14 days before the date of the auction.*"

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

House Conferees: (Signed) Edwina Garcia, Chuck Brown, Gil Gutknecht

Senate Conferees: (Signed) Joe Bertram, Sr., LeRoy A. Stumpf, Steve Dille

Mr. Bertram moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1039 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. 1039 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 1, as follows:

Those who voted in the affirmative were:

Beckman	Dille	Knutson	Morse	Runbeck
Belanger	Finn	Krentz	Neuville	Sams
Benson, D.D.	Flynn	Kroening	Novak	Samuelson
Benson, J.E.	Frederickson	Laidig	Oliver	Solon
Berg	Hanson	Lesewski	Olson	Spear
Berglin	Hottinger	Lessard	Pariseau	Stevens
Bertram	Janezich	Luther	Pogemiller	Stumpf
Betzold	Johnson, D.E.	Marty	Price	Terwilliger
Chandler	Johnson, D.J.	McGowan	Ranum	Vickerman
Chmielewski	Johnson, J.B.	Metzen	Reichgott	Wiener
Cohen	Johnston	Moe, R.D.	Riveness	
Day	Kiscaden	Mondale	Robertson	

Mr. Merriam voted in the negative.

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 454, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 454 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 454

A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; amending Minnesota Statutes 1992, section 116J.58, subdivision 1.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 454, 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. 454 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATION.] The commissioner shall:

(1) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;

(2) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;

(3) investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;

(4) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encourage-

ment of business and industry outside the state to use economic facilities within the state;

(5) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

(6) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(7) study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;

(8) serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;

(9) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

(10) cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

(11) assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(12) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(13) confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

(14) generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise;

(15) prepare an annual report to the legislature estimating, and to the extent possible, describing the number of Minnesota companies which have left the state or moved to surrounding states or other countries. The report should include an estimate of the number of jobs lost by these moves, an estimate of the total employment payroll, average hourly wage of those jobs lost and those created in the new location, and to the extent possible, the reasons for each company moving out of state, if known;

~~(15)~~ *(16)* publish documents and annually convene regional meetings to inform businesses, local government units, assistance providers, and other interested persons of changes in state and federal law related to economic development; ~~and~~

~~(16)~~ *(17)* annually convene conferences of providers of economic development related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic development activities, and formulating economic development strategies*; and*

(18) prepare, as part of biennial budget process with an annual interim summary for the legislature, performance measures for each business loan or grant program within the jurisdiction of the commissioner. Measures would include source of funds for each program, numbers of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, the average salary and benefits for the jobs resulting from the program, estimated number of jobs displaced, if any, and the number of projects approved.

Sec. 2. [116J.581] [COMPETITIVENESS TASK FORCE.]

Subdivision 1. [CREATION.] *There is created a permanent task force on the state's economic future and competitiveness. The task force is composed of the governor (ex officio); the commissioners of the departments of jobs and training, trade and economic development, commerce, and labor and industry; the chancellor of the higher education board; the president of the largest statewide Minnesota organized labor organization as measured by the number of its members in affiliated labor organizations; the deans of the business schools at the University of Minnesota and St. Thomas University and the Hubert H. Humphrey Institute of Public Affairs; the science and technology advisor to the governor; six representatives from private sector businesses appointed by the governor, two from companies with more than 1,000 employees, two from companies with 101 to 1,000 employees, and two from companies with less than 100 employees; two members representing environmental interests; and designees of the majority leader of the senate and the minority leader of the house of representatives. The chair of the task force shall be elected by the members from the private sector members. Terms of private sector members shall be for a minimum of three years and a maximum of five years.*

Subd. 2. [DUTIES.] *The task force shall:*

(1) monitor implementation of the state's economic blueprint, particularly as it pertains to the long-range competitiveness of Minnesota's companies, published by the department of trade and economic development in November 1992;

(2) issue long-range policy recommendations for the state to achieve its long-range economic goals;

(3) hold periodic forums and symposiums involving renowned experts in areas pertaining to economic development and job creation;

(4) meet on call of the chair to receive reports and to provide ongoing counsel and advice to the legislature and the commissioner of trade and economic development;

(5) make recommendations as to modification or numeric changes in the economic blueprint to maintain its relevance and significance;

(6) ensure that goals, proposals, and recommendations should be quantified to the extent possible;

(7) utilize modern modeling tools to determine the long-range competitive impact of past, present, and proposed legislative action; and

(8) scrutinize all legislation that can impact the state's economic future or the competitiveness of Minnesota enterprise.

Subd. 3. [REPORTS.] *The task force shall make annual reports to the governor and legislature on or before February 1. The first report is due by February 1, 1994.*

Subd. 4. [CONTINUATION OF TASK FORCE.] *The task force shall not expire but shall continue until terminated by a law specifically terminating it.*"

Delete the title and insert:

"A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; creating a task force on the state's economic future and competitiveness; amending Minnesota Statutes 1992, section 116J.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J."

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

House Conferees: (Signed) Karen Clark, Steven Smith, Mike Jaros

Senate Conferees: (Signed) Linda Runbeck, Phil J. Riveness, Tracy L. Beckman

Ms. Runbeck moved that the foregoing recommendations and Conference Committee Report on H.F. No. 454 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. 454 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Neuville	Sams
Anderson	Finn	Laidig	Novak	Samuelson
Beckman	Flynn	Langseth	Oliver	Solon
Belanger	Frederickson	Larson	Olson	Spear
Benson, D.D.	Hottinger	Lesewski	Pappas	Stevens
Benson, J.E.	Janezich	Luther	Pariseau	Stumpf
Berg	Johnson, D.E.	Marty	Pogemiller	Terwilliger
Bertram	Johnson, D.J.	McGowan	Price	Vickerman
Betzold	Johnson, J.B.	Merriam	Ranum	Wiener
Chandler	Johnston	Metzen	Reichgott	
Chmielewski	Kiscaden	Moe, R.D.	Riveness	
Cohen	Knutson	Mondale	Robertson	
Day	Krentz	Morse	Runbeck	

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. 1151, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1151 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1151

A bill for an act relating to employment; requiring wage payments at certain times; amending Minnesota Statutes 1992, section 181.101.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1151, 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 Dauner, Roger Cooper, Kevin Goodno

Senate Conferees: (Signed) Keith Langseth, LeRoy A. Stumpf, Charles A. Berg

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1151 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. 1151 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Finn	Langseth	Neuville	Sams
Anderson	Flynn	Larson	Novak	Samuelson
Beckman	Hanson	Lesewski	Oliver	Solon
Belanger	Hottinger	Lessard	Olson	Spear
Benson, J.E.	Janezich	Luther	Pappas	Stevens
Berg	Johnson, D.E.	Marty	Pariseau	Stumpf
Bertram	Johnson, D.J.	McGowan	Pogemiller	Terwilliger
Betzold	Johnson, J.B.	Merriam	Price	Vickerman
Chandler	Johnston	Metzen	Ranum	Wiener
Chmielewski	Knutson	Moe, R.D.	Reichgott	
Cohen	Krentz	Mondale	Riveness	
Day	Kroening	Morse	Robertson	
Dille	Laidig	Murphy	Runbeck	

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. 1133, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1133 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1133

A bill for an act relating to energy; directing the public service department to evaluate and implement a policy to promote the use of motor vehicles powered by alternate fuels; appropriating money; amending Minnesota Statutes 1992, section 216C.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1133, 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. 1133 be further amended as follows:

Page 3, line 10, after the period insert "*In developing the policies and the state plan, the department shall hold public hearings, at least one of which must be held outside the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*"

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

House Conferees: (Signed) Alice Hausman, Joel Jacobs, Tom Osthoff, Loren Jennings, Pamela Neary

Senate Conferees: (Signed) Janet B. Johnson, Steven G. Novak, Ellen R. Anderson, Steve Dille, Kevin M. Chandler

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1133 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. 1133 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	Finn	Laidig	Murphy	Runbeck
Anderson	Flynn	Langseth	Neuville	Sams
Beckman	Frederickson	Larson	Novak	Samuelson
Belanger	Hanson	Lesewski	Oliver	Solon
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pappas	Stevens
Bertram	Johnson, D.E.	Marty	Pariseau	Stumpf
Betzold	Johnson, D.J.	McGowan	Pogemiller	Terwilliger
Chandler	Johnson, J.B.	Merriam	Price	Vickerman
Chmielewski	Johnston	Metzen	Ranum	Wiener
Cohen	Knutson	Moe, R.D.	Reichgott	
Day	Krentz	Mondale	Riveness	
Dille	Kroening	Morse	Robertson	

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. 514.

H.F. No. 514: A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and

duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

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

Sparby, Jennings and Johnson, V. have been appointed as such committee on the part of the House.

House File No. 514 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 May 13, 1993

Mr. Novak moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 514, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S.F. No. 1171: A bill for an act relating to crime; creating a commission on nonfelony enforcement to review the proportionality and enforcement of petty misdemeanor, misdemeanor, and gross misdemeanor offenses; requiring a report.

Senate File No. 1171 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Mr. Spear moved that the Senate concur in the amendments by the House to S.F. No. 1171 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1171: A bill for an act relating to crime; creating a committee on nonfelony enforcement to review the proportionality and enforcement of petty misdemeanor, misdemeanor, and gross misdemeanor offenses; requiring a report.

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

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Murphy	Runbeck
Anderson	Flynn	Langseth	Neuville	Sams
Beckman	Frederickson	Larson	Novak	Samuelson
Belanger	Hanson	Lesewski	Oliver	Solon
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pappas	Stevens
Bertram	Johnson, D.E.	Marty	Pariseau	Stumpf
Betzold	Johnson, D.J.	McGowan	Pogemiller	Terwilliger
Chandler	Johnson, J.B.	Merriam	Price	Vickerman
Chmielewski	Johnston	Metzen	Ranum	Wiener
Cohen	Knutson	Moe, R.D.	Reichgott	
Day	Krentz	Mondale	Riveness	
Dille	Kroening	Morse	Robertson	

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. 1187: A bill for an act relating to health care; clarifying the uniform anatomical gift act; retroactively defining organ donation as the rendition of a service; amending Minnesota Statutes 1992, section 525.9221.

Senate File No. 1187 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 1187 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1187 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Murphy	Runbeck
Anderson	Finn	Laidig	Neuville	Sams
Beckman	Flynn	Langseth	Novak	Samuelson
Belanger	Frederickson	Larson	Oliver	Solon
Benson, D.D.	Hanson	Lesewski	Olson	Spear
Benson, J.E.	Hottinger	Lessard	Pappas	Stevens
Berg	Janezich	Luther	Pariseau	Stumpf
Berglin	Johnson, D.E.	Marty	Piper	Terwilliger
Bertram	Johnson, D.J.	McGowan	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Merriam	Price	Wiener
Chandler	Johnston	Metzen	Ranum	
Chmielewski	Kiscaden	Moe, R.D.	Reichgott	
Cohen	Knutson	Mondale	Riveness	
Day	Krentz	Morse	Robertson	

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. 1129: A bill for an act relating to financial institutions; regulating institutions, deposits, rates and charges, enforcement provisions; modifying the definition of insurance premium finance licensee; amending Minnesota Statutes 1992, sections 45.025, by adding a subdivision; 46.044; 46.048, subdivision 1; 46.09; 47.0156; 47.096; 47.20, subdivision 4a; 47.52; 47.54, subdivision 4; 47.55, subdivision 1; 47.56; 48.04; 48.05; 48.09; 48.194; 48.24, subdivisions 1, 7, and 8; 48.61, subdivisions 2, 3, and 4; 49.35; 49.36, subdivisions 1 and 4; 51A.02, subdivision 43; 52.04, subdivision 1, and by adding a subdivision; 52.12; 53.03, subdivision 5; 53.04, by adding a subdivision; 53.09, by adding a subdivision; 56.10; 56.131, subdivision 1; 56.155, subdivision 1; 59A.06, subdivision 3; 82B.03, subdivision 2; 300.20, subdivision 2; 300.21; 336.4-104; proposing coding for new law in Minnesota Statutes, chapter 56; repealing Minnesota Statutes 1992, sections 46.048, subdivision 2; and 48.24, subdivision 4.

Senate File No. 1129 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

CONCURRENCE AND REPASSAGE

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 1129 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1129 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Day	Knutson	Mondale	Riveness
Anderson	Dille	Krentz	Morse	Robertson
Beckman	Finn	Kroening	Murphy	Runbeck
Belanger	Flynn	Laidig	Neuville	Sams
Benson, D.D.	Frederickson	Larson	Novak	Samuelson
Benson, J.E.	Hanson	Lesewski	Oliver	Solon
Berg	Hottinger	Lessard	Olson	Spear
Berglin	Janezich	Luther	Pappas	Stevens
Bertram	Johnson, D.E.	Marty	Pariseau	Stumpf
Betzold	Johnson, D.J.	McGowan	Piper	Terwilliger
Chandler	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Chmielewski	Johnston	Metzen	Price	Wiener
Cohen	Kiscaden	Moe, R.D.	Reichgott	

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 H.F. No. 543 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 543: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Cook county; correcting the legal description of the state land to be sold in Anoka county; amending Laws 1989, chapter 150, section 6.

Mr. Johnson, D.J. moved that the amendment made to H.F. No. 543 by the Committee on Rules and Administration in the report adopted May 10, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Johnson, D.J. then moved to amend H.F. No. 543 as follows:

Page 2, line 19, delete "*U.S. Highway*" and insert "*the southernmost boundary of marked trunk highway number*"

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend H.F. No. 543 as follows:

Page 2, after line 28, insert:

"Sec. 3. [SALE OF TAX-FORFEITED LAND; SHERBURNE COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Sherburne county may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be conveyed is located on Clitty Lake and is described as Lots 7 and 11, Block 1, Highland Pond.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 4. [SALE OF TAX-FORFEITED LAND; STEARNS COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Stearns county may sell tax-forfeited land bordering public water that is described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The land that may be sold is located in Stearns county and is described as Lots 15 and 16, Block 1, Jody Estates Addition to Wakefield Township.

(d) The county has determined that the county's land management interests would best be served if the land is returned to private ownership."

Page 3, line 14, after the period, insert "*Sections 3 and 4 are 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. Solon moved to amend H.F. No. 543 as follows:

Page 2, after line 28, insert:

"Sec. 3. [SALE OF CERTAIN LAND IN ST. LOUIS COUNTY.]

Notwithstanding any other law to the contrary, St. Louis county, on behalf of the state, shall convey by private sale the state-owned land described in this section.

The land described shall be sold by private sale to Gerald Lawson. The conveyance must be in a form approved by the attorney general for a consideration equal to the delinquent taxes, penalties, and interest remaining unpaid on the property.

The land to be sold is located in St. Louis county, and is described as lots 19, 20, and 21, block 5, of the altered plat of the London Park addition to Duluth.

The property was previously owned by Mr. Lawson, having been conveyed to him by his mother. While Mr. Lawson had entered into a repurchase agreement under Minnesota Statutes, sections 282.241 to 282.324, after the property had forfeited to the state for nonpayment of property taxes, he defaulted on a payment required under that law, and the repurchase was canceled."

Page 3, line 13, delete "*3*" and insert "*4*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Mr. Merriam moved to amend H.F. No. 543 as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 543 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Mondale	Riveness
Anderson	Dille	Knutson	Morse	Robertson
Beckman	Finn	Krentz	Murphy	Runbeck
Belanger	Flynn	Kroening	Novak	Sams
Benson, D.D.	Frederickson	Laidig	Oliver	Samuelson
Benson, J.E.	Hanson	Langseth	Olson	Spear
Berg	Hottinger	Lesewski	Pappas	Stevens
Bertram	Janezich	Lessard	Pariseau	Stumpf
Betzold	Johnson, D.E.	Luther	Pogemiller	Terwilliger
Chandler	Johnson, D.J.	McGowan	Price	Vickerman
Chmielewski	Johnson, J.B.	Metzen	Ranum	Wiener
Cohen	Johnston	Moe, R.D.	Reichgott	

Mr. Merriam 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 H.F. No. 1259 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1259: A bill for an act relating to the city of Minneapolis; extending authority to guarantee certain loans; amending Laws 1988, chapter 594, section 6, 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Spear
Benson, J.E.	Hottinger	Lesewski	Olson	Stevens
Berg	Janezich	Lessard	Pappas	Stumpf
Bertram	Johnson, D.E.	Luther	Pariseau	Terwilliger
Betzold	Johnson, D.J.	Marty	Pogemiller	Vickerman
Chandler	Johnson, J.B.	McGowan	Price	Wiener
Chmielewski	Johnston	Merriam	Ranum	
Cohen	Kiscaden	Metzen	Reichgott	
Day	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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. 1182 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1182: A bill for an act relating to state lands; providing for the release of a state interest in certain property in the city of Minneapolis.

Was read the third time 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Laidig	Novak	Runbeck
Anderson	Hanson	Langseth	Oliver	Sams
Beckman	Hottinger	Lesewski	Olson	Samuelson
Benson, J.E.	Janezich	Luther	Pappas	Spear
Berg	Johnson, D.E.	Marty	Pariseau	Stevens
Bertram	Johnson, D.J.	Merriam	Piper	Stumpf
Betzold	Johnson, J.B.	Metzen	Pogemiller	Vickerman
Chandler	Johnston	Moe, R.D.	Price	Wiener
Cohen	Kiscaden	Mondale	Ranum	
Day	Knutson	Morse	Reichgott	
Dille	Krentz	Murphy	Riveness	
Finn	Kroening	Neuville	Robertson	

Mr. Chmielewski 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 H.F. No. 94 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 94: A bill for an act relating to motor vehicles; exempting certain manufacturers of snowmobile trailers from being required to have a dealer's license to transport the trailers; amending Minnesota Statutes 1992, section 168.27, subdivision 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Robertson
Anderson	Flynn	Laidig	Neuville	Runbeck
Beckman	Frederickson	Langseth	Novak	Sams
Belanger	Hanson	Lesewski	Oliver	Samuelson
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pappas	Stevens
Bertram	Johnson, D.E.	Marty	Pariseau	Stumpf
Betzold	Johnson, D.J.	McGowan	Piper	Terwilliger
Chandler	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Chmielewski	Johnston	Metzen	Price	Wiener
Cohen	Kiscaden	Moe, R.D.	Ranum	
Day	Knutson	Mondale	Reichgott	
Dille	Krentz	Morse	Riveness	

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. 1260 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1260: A bill for an act relating to public employment; providing that the local government pay equity act does not limit the ability of public employees to strike; requiring the commissioner of employee relations to

consider the effects of strikes in determining whether political subdivisions are in conformity with the act; amending Minnesota Statutes 1992, sections 471.992, subdivision 1; and 471.9981, subdivision 6.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Murphy	Robertson
Anderson	Flynn	Langseth	Neuville	Runbeck
Beckman	Frederickson	Larson	Novak	Sams
Belanger	Hanson	Lesewski	Oliver	Samuelson
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pappas	Stumpf
Bertram	Johnson, D.E.	Marty	Pariseau	Terwilliger
Betzold	Johnson, D.J.	McGowan	Piper	Vickerman
Chandler	Johnson, J.B.	Merriam	Pogemiller	Wiener
Chmielewski	Johnston	Metzen	Price	
Cohen	Knutson	Moe, R.D.	Ranum	
Day	Krentz	Mondale	Reichgott	
Dille	Kroening	Morse	Riveness	

Mr. Stevens 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 H.F. No. 504 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 504: A bill for an act relating to housing; allowing a county authority to operate certain public housing projects without a city resolution; providing that a housing and redevelopment authority may make down payment assistance loans; changing minimum amounts for certain contract letting procedures; changing requirements for general obligation revenue bonds; amending Minnesota Statutes 1992, sections 469.005, subdivision 1; 469.012, by adding a subdivision; 469.015, subdivisions 1 and 2; and 469.034, subdivision 2.

Mr. Metzen moved to amend H.F. No. 504, the unofficial engrossment, as follows:

Pages 1 to 9, delete section 1

Page 12, delete lines 33 and 34

Page 12, line 35, delete "3" and insert "2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 11, delete "273.13, subdivision 25;"

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. moved to amend H.F. No. 504, the unofficial engrossment, as follows:

Page 11, after line 9, insert:

"Sec. 6. Minnesota Statutes 1992, section 469.033, subdivision 6, is amended to read:

Subd. 6. [OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX.] All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy each year a tax upon all taxable property within that taxing district. The authority shall certify the tax to the auditor of the county in which the taxing district is located on or before five working days after December 20 in each year. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0131 percent of taxable market value ~~except that in cities of the first class having a population of less than 200,000, the levy shall not exceed 0.0065 percent of taxable market value~~. The authority may levy an additional levy, not to exceed 0.0013 percent of taxable market value, to be used to defray costs of providing informational service and relocation assistance as set forth in section 469.012, subdivision 1. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget and shall be approved by the governing body."

Page 12, after line 31, insert:

"Sec. 8. [CITY OF DULUTH; PORT AUTHORITY LEVY.]

Notwithstanding any other law to the contrary, the St. Louis county auditor shall not include any tax levied by the city of Duluth pursuant to Minnesota Statutes, section 469.053, subdivision 4, for the benefit of the seaway port authority of Duluth as a part of the city of Duluth tax levy shown on any proposed or final tax statements."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "authorizing the Duluth housing and redevelopment authority to levy a property tax under general law;"

Page 1, line 10, after the semicolon, insert "providing for a separate statement of the levy for the seaway port authority of Duluth;"

Page 1, line 13, after the semicolon, insert "469.033, subdivision 6;"

Mr. Johnson, D.J. then moved to amend the Johnson, D.J. amendment to H.F. No. 504, as follows:

Page 2, delete lines 11 to 18

Amend the title amendment accordingly

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

The question was taken on the adoption of the Johnson, D.J. amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

H.F. No. 504 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	Dille	Krentz	Moe, R.D.	Ranum
Anderson	Finn	Kroening	Mondale	Robertson
Beckman	Flynn	Laidig	Murphy	Runbeck
Belanger	Frederickson	Langseth	Neuville	Samuelson
Benson, J.E.	Hanson	Larson	Novak	Solon
Berg	Hottinger	Lesewski	Oliver	Spear
Bertram	Janezich	Lessard	Olson	Stevens
Betzold	Johnson, D.E.	Luther	Pappas	Stumpf
Chandler	Johnson, D.J.	Marty	Pariseau	Terwilliger
Chmielewski	Johnson, J.B.	McGowan	Piper	Vickerman
Cohen	Johnston	Merriam	Pogemiller	
Day	Knutson	Metzen	Price	

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. 416 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 416: A bill for an act relating to elections; providing for a presidential primary by mail; changing the date of the presidential primary; increasing the filing fee for an affidavit of candidacy; changing certain duties and procedures; amending Minnesota Statutes 1992, sections 204B.45, subdivision 3, and by adding a subdivision; 207A.01; 207A.02, subdivision 1a; 207A.03; 207A.04, subdivision 3; 207A.06, subdivision 2; 207A.08; and 207A.09; proposing coding for new law in Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1992, section 207A.07.

Mr. Johnson, D.J. moved to amend S.F. No. 416 as follows:

Page 1, line 17, delete the first "*the*" and insert "*a binding*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 16 and nays 47, as follows:

Those who voted in the affirmative were:

Beckman	Finn	Kiscaden	McGowan	Robertson
Berg	Johnson, D.E.	Laidig	Neuville	Samuelson
Bertram	Johnson, D.J.	Larson	Riveness	Vickerman
Dille				

Those who voted in the negative were:

Adkins	Frederickson	Langseth	Murphy	Runbeck
Anderson	Hanson	Lesewski	Novak	Sams
Belanger	Hottinger	Lessard	Oliver	Spear
Benson, J.E.	Janezich	Luther	Olson	Stevens
Betzold	Johnson, J.B.	Marty	Pariseau	Stumpf
Chandler	Johnston	Merriam	Piper	Terwilliger
Chmielewski	Kelly	Metzen	Pogemiller	Wiener
Cohen	Knutson	Moe, R.D.	Price	
Day	Krentz	Mondale	Ranum	
Flynn	Kroening	Morse	Reichgott	

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

S.F. No. 416 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Kroening	Morse	Robertson
Chandler	Johnson, D.E.	Luther	Novak	Sams
Chmielewski	Johnson, D.J.	Merriam	Piper	Samuelson
Cohen	Johnson, J.B.	Metzen	Pogemiller	Solon
Flynn	Kelly	Moe, R.D.	Price	Stumpf
Hottinger	Kiscaden	Mondale	Ranum	

Those who voted in the negative were:

Adkins	Day	Laidig	Neuville	Spear
Beckman	Dille	Langseth	Oliver	Stevens
Belanger	Finn	Larson	Olson	Terwilliger
Benson, D.D.	Frederickson	Lesewski	Pappas	Vickerman
Benson, J.E.	Hanson	Lessard	Pariseau	Wiener
Berg	Johnston	Marty	Reichgott	
Bertram	Knutson	McGowan	Riveness	
Betzold	Krentz	Murphy	Runbeck	

So the bill failed to pass.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 74 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 74: A bill for an act relating to local government; authorizing the city of Minneapolis, special school district No. 1, the city library board, and the city park and recreation board to impose residency requirements.

CALL OF THE SENATE

Ms. Flynn imposed a call of the Senate for the balance of the proceedings

on H.F. No. 74. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 74 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 40 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Mondale	Runbeck
Beckman	Finn	Langseth	Morse	Sams
Berg	Flynn	Lesewski	Murphy	Samuelson
Berglin	Hanson	Lessard	Neuville	Solon
Bertram	Janezich	Marty	Pappas	Spear
Betzold	Johnson, D.E.	Merriam	Piper	Stumpf
Chmielewski	Johnson, D.J.	Metzen	Pogemiller	Terwilliger
Cohen	Kelly	Moe, R.D.	Ranum	Vickerman

Those who voted in the negative were:

Anderson	Frederickson	Krentz	Oliver	Robertson
Belanger	Hottinger	Laidig	Olson	Stevens
Benson, D.D.	Johnson, J.B.	Larson	Pariseau	Wiener
Benson, J.E.	Johnston	Luther	Price	
Chandler	Kiscaden	McGowan	Reichgott	
Day	Knutson	Novak	Riveness	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1046 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1046

A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

May 12, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1046, 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. 1046 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 488A.101, is amended to read:

488A.101 [COUNTY ATTORNEY AS PROSECUTOR, NOTICE TO COUNTY.]

A municipality or other subdivision of government seeking to use the county attorney for violations enumerated in section 488A.10, subdivision 11 shall notify the county board of its intention to use the services of the county attorney at least 60 days prior to the adoption of *the* board's annual budget each year. *A municipality may enter into an agreement with the county board and the county attorney to provide prosecution services for any criminal offense on a case-by-case basis.*

Sec. 2. [609.749] [PHYSICAL INTERFERENCE WITH SAFE ACCESS TO HEALTH CARE.]

Subdivision 1. [DEFINITIONS.] *For the purposes of this section, the following terms have the meanings given them.*

(a) "Facility" means any of the following:

(1) a hospital or other health institution licensed under sections 144.50 to 144.56;

(2) a medical facility as defined in section 144.561;

(3) an agency, clinic, or office operated under the direction of or under contract with the commissioner of health or a community health board, as defined in section 145A.02;

(4) a facility providing counseling regarding options for medical services or recovery from an addiction;

(5) a facility providing emergency shelter services for battered women, as defined in section 611A.31, subdivision 3, or a facility providing transitional housing for battered women and their children;

(6) a residential care home or home as defined in section 144B.01, subdivision 5;

(7) a facility as defined in section 626.556, subdivision 2, paragraph (f);

(8) a facility as defined in section 626.557, subdivision 2, paragraph (a), where the services described in that paragraph are provided;

(9) a place to or from which ambulance service, as defined in section 144.801, is provided or sought to be provided; and

(10) a hospice program licensed under section 144A.48.

(b) "Aggrieved party" means a person whose access to or egress from a facility is obstructed in violation of subdivision 2, or the facility.

Subd. 2. [OBSTRUCTING ACCESS PROHIBITED.] *A person is guilty of a gross misdemeanor who intentionally and physically obstructs any individual's access to or egress from a facility.*

Subd. 3. [NOT APPLICABLE.] *Nothing in this section shall be construed to impair the right of any individual or group to engage in speech protected by the United States Constitution, the Minnesota Constitution, or federal or state law, including but not limited to peaceful and lawful handbilling and picketing.*

Subd. 4. [CIVIL REMEDIES.] *(a) A party who is aggrieved by an act prohibited by this section, or by an attempt or conspiracy to commit an act prohibited by this section, may bring an action for damages, injunctive or declaratory relief, as appropriate, in district court against any person or entity who has violated or has conspired to violate this section.*

(b) A party who prevails in a civil action under this subdivision is entitled to recover from the violator damages, costs, attorney fees, and other relief as determined by the court. In addition to all other damages, the court may award to the aggrieved party a civil penalty of up to $1,000 for each violation. If the aggrieved party is a facility and the political subdivision where the violation occurred incurred law enforcement or prosecution expenses in connection with the same violation, the court shall award any civil penalty it imposes to the political subdivision instead of to the facility.

(c) The remedies provided by this subdivision are in addition to any other legal or equitable remedies the aggrieved party may have and are not intended to diminish or substitute for those remedies or to be exclusive.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment and apply to acts committed on or after that date."

Amend the title as follows:

Page 1, line 3, delete "medical facilities" and insert "health care"

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

Senate Conferees: (Signed) Sandra L. Pappas, John C. Hottinger, Sheila M. Kiscaden

House Conferees: (Signed) Howard Orenstein, Mary Jo McGuire, Charlie Weaver

CALL OF THE SENATE

Ms. Pappas imposed a call of the Senate for the balance of the proceedings on S.F. No. 1046. The Sergeant at Arms was instructed to bring in the absent members.

Ms. Pappas moved that the foregoing recommendations and Conference Committee report on S.F. No. 1046 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 42 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Laidig	Novak	Robertson
Beckman	Hottinger	Luther	Oliver	Runbeck
Belanger	Janezich	Marty	Pappas	Solon
Benson, D.D.	Johnson, D.E.	McGowan	Piper	Spear
Berglin	Johnson, D.J.	Metzen	Pogemiller	Terwilliger
Betzold	Johnson, J.B.	Moe, R.D.	Price	Wiener
Chandler	Kelly	Mondale	Ranum	
Cohen	Kiscaden	Morse	Reichgott	
Finn	Krentz	Murphy	Riveness	

Those who voted in the negative were:

Adkins	Day	Knutson	Lessard	Sams
Benson, J.E.	Dille	Kroening	Merriam	Samuelson
Berg	Frederickson	Langseth	Neuville	Stevens
Bertram	Hanson	Larson	Olson	Stumpf
Chmielewski	Johnston	Lesewski	Pariseau	Vickerman

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 1046 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Murphy	Riveness
Belanger	Janezich	Luther	Novak	Robertson
Benson, D.D.	Johnson, D.E.	Marty	Oliver	Runbeck
Berglin	Johnson, D.J.	McGowan	Pappas	Solon
Betzold	Johnson, J.B.	Merriam	Piper	Spear
Chandler	Kelly	Metzen	Pogemiller	Terwilliger
Cohen	Kiscaden	Moe, R.D.	Price	Wiener
Finn	Knutson	Mondale	Ranum	
Flynn	Krentz	Morse	Reichgott	

Those who voted in the negative were:

Adkins	Chmielewski	Johnston	Lessard	Samuelson
Beckman	Day	Kroening	Neuville	Stevens
Benson, J.E.	Dille	Langseth	Olson	Stumpf
Berg	Frederickson	Larson	Pariseau	Vickerman
Bertram	Hanson	Lesewski	Sams	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce 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. 869: A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes,

chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

Senate File No. 869 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 13, 1993

Mr. Lessard moved that the Senate do not concur in the amendments by the House to S.F. No. 869, 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. 1205, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1205 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 13, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1205

A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1205, 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. 1205 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 504.33, subdivision 3, is amended to read:

Subd. 3. [DISPLACE.] "Displace" means to demolish, acquire for or convert to a use other than low-income housing, or to provide or spend money that directly results in the demolition, acquisition, or conversion of housing to a use other than low-income housing.

"Displace" does not include providing or spending money that directly results in: (i) housing improvements made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit; (ii) housing improvements to make housing more accessible to a handicapped person; or (iii) the demolition, acquisition, or conversion of housing for the purpose of creating owner-occupied housing that consists of no more than four units per structure.

"Displace" does not include downsizing large apartment complexes by demolishing less than 25 percent of the units in the complex or by eliminating units through reconfiguration and expansion of individual units for the purpose of expanding the size of the remaining low-income units. For the purpose of this section, "large apartment complex" means two or more adjacent buildings containing a total of 100 or more units per complex.

Sec. 2. Minnesota Statutes 1992, section 504.33, subdivision 5, is amended to read:

Subd. 5. [LOW-INCOME HOUSING.] *(a)* "Low-income housing" means *either:*

(1) rental housing with a rent less than or equal to 30 percent of 50 percent of the median income for the county in which the rental housing is located, adjusted by size*; or*

(2) rental housing occupied by households with income below 30 percent of the median for the metropolitan area as defined in section 473.121, subdivision 2, adjusted by size.

(b) "Low-income housing" also includes rental housing that has been vacant for less than two years, that was low-income housing when it was last occupied, and that is not condemned as being unfit for human habitation by the applicable government unit.

Sec. 3. Minnesota Statutes 1992, section 504.33, subdivision 7, is amended to read:

Subd. 7. [REPLACEMENT HOUSING.] *(a)* "Replacement housing" means rental housing that is:

(1) the lesser of (i) the number and corresponding size of low-income housing units displaced, or (ii) sufficient in number and corresponding size of those low-income housing units displaced to meet the demand for those units. *Notwithstanding subclauses (i) and (ii), if the housing impact statement shows demonstrated need, displaced units may be replaced by fewer, larger units of comparable total size, except that efficiency and single room occupancy units may not be replaced by units of a larger size;*

(2) low-income housing for ~~the greater of~~ *at least* 15 years ~~or the compliance period of the federal low-income housing tax credit under United States Code, title 26, section 42(i)(1), as amended~~. This section does not prohibit increases in rent to cover operating expenses;

(3) in at least standard condition; and

(4) located in the city where the displaced low-income housing units were located.

Replacement housing may be provided as newly constructed housing, or rehabilitated *housing that was previously unoccupied or vacant and in condemnable condition* or rent subsidized existing housing that does not already qualify as low-income housing.

(b) Notwithstanding the requirements in paragraph (a), public housing units which are a part of a disposition plan approved by the Department of Housing and Urban Development automatically qualify as replacement housing for public housing units which are displaced.

Sec. 4. Minnesota Statutes 1992, section 504.34, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL REPORT REQUIRED.] A government unit shall prepare ~~an annual~~ *a* housing impact report *either:*

(1) for each year in which the government unit displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01*; or*

(2) when a specific project undertaken by a government unit for longer than one year displaces a total of ten or more units of low-income housing in a city of the first class as defined in section 410.01.

Sec. 5. Minnesota Statutes 1992, section 504.34, subdivision 2, is amended to read:

Subd. 2. [DRAFT ANNUAL HOUSING IMPACT REPORT.] A government unit subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be completed by January 31 of the year immediately following a year in which the government unit has displaced ten or more units of low-income housing in a city. *For a housing impact report required under subdivision 1, clause (2), the draft report must be completed by January 31 of the year immediately following the year in which the government unit has displaced a cumulative total of ten units of low-income housing in a city.*

Sec. 6. Laws 1989, chapter 328, article 2, section 17, is amended to read:

Sec. 17. [HOUSING CALENDAR CONSOLIDATION ~~PILOT PROJECT~~ *PROGRAM.*]

Subdivision 1. [ESTABLISHMENT.] A ~~three-year pilot project may be~~ *program is* established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. [JURISDICTION.] The housing calendar ~~project~~ *program* may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord-tenant damage actions; and actions for rent and rent abatement. A proceeding under sections 566.01 to 566.17 may not be delayed because of the consolidation of matters under the housing calendar ~~project~~ *program.*

Subd. 3. [REFEREE.] The chief judge of district court may appoint a referee for the housing calendar ~~project~~ *program.* The referee must be learned in the law. The referee must be compensated according to the same scale used

for other referees in the district court. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar ~~project~~ *program*.

Subd. 4. [REFEREE DUTIES.] The duties and powers of the referee in the housing calendar ~~project~~ *program* are as follows:

(1) to hear and report all matters within the jurisdiction of the housing calendar ~~project~~ *program* and as may be directed to the referee by the chief judge; and

(2) to recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [TRANSMITTAL OF COURT FILE.] Upon the conclusion of the hearing in each case, the referee ~~must~~ *shall* transmit to the district court judge, the court file together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. [CONFIRMATION OF REFEREE ORDERS.] Review of ~~any~~ *a* recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, ~~must~~ *shall* set a time and place for the review hearing.

Subd. 7. [PROCEDURES.] The chief judge of the district must establish procedures for the implementation of the ~~pilot project~~ *program*, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the ~~project~~ *program*.

Subd. 8. [EVALUATION.] The state court administrator may establish a procedure in consultation with the chief judge of each district, each district administrator, and an advisory group for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters~~, and must report to the legislature by January 1, 1992~~. An advisory group, appointed by the state court administrator, may be established to provide ongoing oversight and evaluation of the housing calendar consolidation ~~project~~ *program*. The advisory group must include representatives of the second and fourth judicial districts and must be composed of at least one representative from each of the following groups: the state court administrator's office; the district court administrator's office; the district judges; owners of rental property; and tenants.

Sec. 7. [REPEALER.]

Laws 1989, chapter 328, article 2, sections 18 and 19, are repealed.

Sec. 8. [EFFECTIVE DATE.]

Notwithstanding Laws 1989, chapter 328, article 2, section 19, or other law, sections 6 and 7 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; changing certain definitions relating to housing; providing for changes in certain housing reports; amending Minnesota Statutes 1992, sections 504.33, subdivisions 3, 5, and 7; and 504.34, subdivisions 1 and 2; Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19."

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

House Conferees: (Signed) Karen Clark, Andy Dawkins, Tim Pawlenty

Senate Conferees: (Signed) Randy C. Kelly, Richard J. Cohen, Sandra L. Pappas

Mr. Kelly moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1205 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. 1205 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:

Anderson	Flynn	Langseth	Neuville	Runbeck
Beckman	Frederickson	Larson	Novak	Sams
Belanger	Hanson	Lesewski	Oliver	Samuelson
Benson, D.D.	Hottinger	Lessard	Olson	Solon
Benson, J.E.	Janezich	Luther	Pappas	Spear
Berg	Johnson, D.E.	Marty	Pariseau	Stevens
Berglin	Johnson, D.J.	McGowan	Piper	Stumpf
Bertram	Johnson, J.B.	Merriam	Pogemiller	Terwilliger
Betzold	Johnston	Metzen	Price	Vickerman
Chandler	Kelly	Moe, R.D.	Ranum	Wiener
Cohen	Knutson	Mondale	Reichgott	
Day	Krentz	Morse	Riveness	
Finn	Laidig	Murphy	Robertson	

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. 53: A bill for an act relating to labor; regulating employment of children; establishing a child labor curfew; providing penalties; amending Minnesota Statutes 1992, sections 181A.04, by adding a subdivision; and 181A.12, subdivision 1.

Senate File No. 53 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 12, 1993

CONCURRENCE AND REPASSAGE

Mr. Price moved that the Senate concur in the amendments by the House to S.F. No. 53 and that the bill be placed on its repassage as amended.

CALL OF THE SENATE

Ms. Kiscaden imposed a call of the Senate for the balance of the proceedings on S.F. No. 53. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Price.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Murphy	Riveness
Beckman	Hottinger	Larson	Novak	Sams
Belanger	Johnson, D.J.	Luther	Pappas	Samuelson
Betzold	Johnson, J.B.	Marty	Piper	Spear
Chandler	Kelly	Merriam	Price	Stevens
Cohen	Krentz	Metzen	Ranum	Stumpf
Flynn	Kroening	Mondale	Reichgott	Wiener

Those who voted in the negative were:

Adkins	Dille	Knutson	Neuville	Solon
Benson, D.D.	Finn	Langseth	Oliver	Terwilliger
Benson, J.E.	Frederickson	Lesewski	Olson	Vickerman
Berg	Janezich	Lessard	Pariseau	
Bertram	Johnson, D.E.	McGowan	Pogemiller	
Chmielewski	Johnston	Moe, R.D.	Robertson	
Day	Kiscaden	Morse	Runbeck	

The motion prevailed.

S.F. No. 53: A bill for an act relating to labor; regulating employment of children; establishing a child labor curfew; providing penalties; amending Minnesota Statutes 1992, sections 181A.04, by adding a subdivision; and 181A.12,

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 30, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pappas	Spear
Beckman	Janezich	Luther	Piper	Stevens
Belanger	Johnson, D.J.	Marty	Price	Stumpf
Betzold	Johnson, J.B.	Merriam	Ranum	Wiener
Chandler	Kelly	Metzen	Reichgott	
Cohen	Krentz	Mondale	Riveness	
Flynn	Kroening	Murphy	Sams	
Hanson	Laidig	Novak	Samuelson	

Those who voted in the negative were:

Adkins	Day	Kiscaden	Moe, R.D.	Pogemiller
Benson, D.D.	Dille	Knutson	Morse	Robertson
Benson, J.E.	Finn	Langseth	Neuville	Runbeck
Berg	Frederickson	Lesewski	Oliver	Solon
Bertram	Johnson, D.E.	Lessard	Olson	Terwilliger
Chmielewski	Johnston	McGowan	Pariseau	Vickerman

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 653 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 653

A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 653, 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. 653 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 164.08, subdivision 2, is amended to read:

Subd. 2. [MANDATORY ESTABLISHMENT; CONDITIONS.] Upon petition presented to the town board by the owner of a tract of land containing at least five acres, who has no access thereto except over the lands of others, or whose access thereto is less than two rods in width, the town board by resolution shall establish a cartway at least two rods wide connecting the petitioner's land with a public road. *The town board may select an alternative route other than that petitioned for if the alternative is deemed by the town board to be less disruptive and damaging to the affected landowners and in the public's best interest.* In an unorganized territory, the board of county commissioners of the county in which the tract is located shall act as the town board. The proceedings of the town board shall be in accordance with section 164.07. The amount of damages shall be paid by the petitioner to the town before such cartway is opened. For the purposes of this subdivision damages shall mean the compensation, if any, awarded to the owner of the land upon which the cartway is established together with the cost of professional and other services which the town may incur in connection with the proceedings for the establishment of the cartway. The town board may by resolution require the petitioner to post a bond or other security acceptable to the board for the total estimated damages before the board takes action on the petition.

Town road and bridge funds shall not be expended on the cartway unless the town board, or the county board acting as the town board in the case of a cartway established in an unorganized territory, by resolution determines that an expenditure is in the public interest. If no resolution is adopted to that effect, the grading or other construction work and the maintenance of the cartway is the responsibility of the petitioner, subject to the provisions of

section 164.10. After the cartway has been constructed the town board, or the county board in the case of unorganized territory, may by resolution designate the cartway as a private driveway with the written consent of the affected landowner in which case from the effective date of the resolution no town road and bridge funds shall be expended for maintenance of the driveway; provided that the cartway shall not be vacated without following the vacation proceedings established under section 164.07.

Sec. 2. [ESTABLISHMENT OF AN OFFICE OF DEPUTY REGISTRAR OF MOTOR VEHICLES IN DEER RIVER.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar, the Itasca county auditor may, with the approval of the commissioner of public safety, establish an office of the deputy registrar of motor vehicles in the city of Deer River. All other provisions regarding the appointment and operation of a deputy registrar office under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, shall apply to the office.

Sec. 3. [EFFECTIVE DATE.]

Section 2 shall become effective the day following final enactment without local approval as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a)."

Delete the title and insert:

"A bill for an act relating to local government; providing conditions for the establishment of town roads; providing for a deputy registrar of motor vehicles; amending Minnesota Statutes 1992, section 164.08, subdivision 2."

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

Senate Conferees: (Signed) Bob Lessard, Steve Dille

House Conferees: (Signed) Irv Anderson, Loren A. Solberg, Kevin Goodno

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 653 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Marty moved that the recommendations and Conference Committee Report on S.F. No. 653 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. Marty.

The roll was called, and there were yeas 36 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Day	Krentz	Moe, R.D.	Riveness
Belanger	Frederickson	Laidig	Morse	Runbeck
Benson, D.D.	Hottinger	Larson	Murphy	Spear
Benson, J.E.	Johnson, D.E.	Lesewski	Neuville	Wiener
Berg	Johnson, J.B.	Luther	Oliver	
Berglin	Johnston	Marty	Olson	
Betzold	Kiscaden	McGowan	Pariseau	
Cohen	Knutson	Merriam	Piper	

Those who voted in the negative were:

Adkins	Finn	Lessard	Robertson	Terwilliger
Beckman	Hanson	Metzen	Sams	Vickerman
Bertram	Janezich	Mondale	Samuelson	
Chandler	Johnson, D.J.	Novak	Solon	
Chmielewski	Kroening	Pogemiller	Stevens	
Dille	Langseth	Reichgott	Stumpf	

The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1325 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1325: A bill for an act relating to housing; modifying the definition of dwelling for smoke detection devices; amending Minnesota Statutes 1992, section 299F.362, subdivision 1.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Kroening	Murphy	Runbeck
Anderson	Dille	Laidig	Neuville	Sams
Beckman	Finn	Langseth	Novak	Samuelson
Belanger	Frederickson	Larson	Oliver	Spear
Benson, D.D.	Hanson	Lesewski	Olson	Stevens
Benson, J.E.	Janezich	Lessard	Pappas	Stumpf
Berg	Johnson, D.E.	Luther	Pariseau	Terwilliger
Berglin	Johnson, D.J.	Marty	Piper	Vickerman
Bertram	Johnson, J.B.	Merriam	Pogemiller	Wiener
Betzold	Kelly	Metzen	Price	
Chandler	Kiscaden	Moe, R.D.	Reichgott	
Chmielewski	Knutson	Mondale	Riveness	
Cohen	Krentz	Morse	Robertson	

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. 176 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 176: A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; amending Minnesota Statutes 1992, section 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

Mr. Moe, R.D. moved to amend S.F. No. 176 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE FINDINGS.]

The intent and public purpose of the legislature in creating the workers'

compensation reinsurance association was to benefit employers by lowering their costs for mandated workers' compensation insurance through a low cost, compulsory, nonprofit reinsurance mechanism. In 1992 the reinsurance association declared and distributed a $100,000,000 excess surplus to insurers and self-insured employers. That excess surplus was not refunded to employer policyholders, whom the legislature intended to benefit when it created the reinsurance association. An orderly process with state assistance is required to ensure that employer policyholders receive their intended rightful share of the original $100,000,000 excess surplus and a second $302,000,000 excess surplus declared in March 1993, that is being held by the reinsurance association. An orderly process requires balancing fairness to employers with administrative feasibility. Sections 1 to 11 are the legislature's determination of that proper balance. The public purpose for creating the nonprofit reinsurance association requires that this surplus be refunded to Minnesota employers, who are the ultimate payors of the premiums that helped create this excess surplus.

Sec. 2. [1992 WORKERS' COMPENSATION REINSURANCE ASSOCIATION EXCESS SURPLUS DISTRIBUTION.]

Subdivision 1. [SCOPE.] *This section governs any distribution of excess surplus made by the workers' compensation reinsurance association in 1992 other than distributions to self-insured members of the association. No distribution of that excess surplus other than that provided by this section may be made. For the purpose of this section, a distribution is made upon the actual distribution of excess surplus from the association. For the purpose of this section, "policyholder" means a workers' compensation insurance policyholder in 1992.*

Subd. 2. [STATE FUND MUTUAL INSURANCE COMPANY.] *Any distribution of excess surplus of the workers' compensation reinsurance association received by the state fund mutual insurance company in 1992 must be refunded to policyholders. Each policyholder shall receive a share of the state fund mutual's distribution equal to the policyholder's proportionate share of the state fund mutual's 1992 earned Minnesota workers' compensation insurance premium, as reported in its annual statement for 1992 to the commissioner of commerce.*

In no case shall the refund exceed the policyholder's earned premium for 1992. If any portion of the distribution remains after the refund required under this subdivision has been made, a further refund based upon 1991 earned premiums, or such additional years' earned premiums as necessary to fully refund the distribution, shall be made by applying the method of calculation set forth in this subdivision.

Subd. 3. [ASSIGNED RISK PLAN.] *Any distribution of excess surplus of the workers' compensation reinsurance association in 1992 received by the assigned risk plan must be returned to policyholders. Each policyholder shall receive a share of the distribution equal to the policyholder's proportionate share of the assigned risk plan's 1992 earned Minnesota workers' compensation premium as reported in its annual statement for 1992 to the commissioner of commerce.*

In no case shall the refund exceed the policyholder's earned premium for 1992. If any portion of the distribution remains after the refund required under this subdivision has been made, a further refund based upon 1991 earned premiums, or such additional years' earned premiums as necessary to

fully refund the distribution, shall be made by applying the method of calculation set forth in this subdivision.

Subd. 4. [INSURED EMPLOYERS.] *Any distribution of excess surplus of the workers' compensation reinsurance association in 1992 received by insurers and not governed by subdivisions 2 and 3 must be returned to policyholders. Each policyholder shall receive a share of the distribution equal to the policyholder's proportionate share of its company's 1992 earned Minnesota workers' compensation premium, as reported in its annual statement for 1992 to the commissioner of commerce.*

In no case shall the refund exceed the policyholder's earned premium for 1992. If any portion of the distribution remains after the refund required under this subdivision has been made, a further refund based upon 1991 earned premiums, or such additional years' earned premiums as necessary to fully refund the distribution, shall be made by applying the method of calculation set forth in this subdivision.

Subd. 5. [DISTRIBUTION DEADLINE.] *Except as provided in subdivision 6, an insurer shall refund its portion of the 1992 workers' compensation reinsurance association surplus distribution to its policyholders according to this section within 60 days of the effective date of this act.*

Subd. 6. [UNCLAIMED REFUNDS.] *Any part of the refund not distributed within one year after it is required to be distributed under subdivision 5 due to the inability to identify or locate policyholders shall be returned to the workers' compensation reinsurance association.*

Subd. 7. [COSTS.] *The state fund mutual insurance company, the assigned risk plan, and any insurer member of the reinsurance association may retain the lesser of five percent of the amount it refunds to policyholders or actual costs as administrative costs of complying with this section apportioned as an equal percentage of each refund.*

Sec. 3. Minnesota Statutes 1992, section 45.027, subdivision 1, is amended to read:

Subdivision 1. [GENERAL POWERS.] In connection with the administration of chapters 45 to 83, 309, and 332, and sections *2 and* 326.83 to 326.98, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or any rule adopted or order issued under those chapters, or to aid in the enforcement of chapters 45 to 83, 309, and 332, sections 326.83 to 326.98, or in the prescribing of rules or forms under those chapters;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98;

(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to the legislature;

(5) examine the books, accounts, records, and files of every licensee under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, and of every person who is engaged in any activity regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner; and

(7) require any person subject to chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98, to report all sales or transactions that are regulated under chapters 45 to 83, 309, and 332, and sections 326.83 to 326.98. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.

Sec. 4. [79.361] [POST 1992 DISTRIBUTION OF WORKERS' COMPENSATION REINSURANCE ASSOCIATION SURPLUS.]

Subdivision 1. [SCOPE.] *This section governs the distribution of excess surplus of the workers' compensation reinsurance association declared after January 1, 1993. A distribution of excess surplus is declared on the date the board votes to make a distribution. No distribution of excess surplus other than that provided by this section may be made.*

Subd. 2. [SELF-INSURED.] *A self-insurer shall receive a distribution of excess surplus in an amount equal to the self-insurer's share of the premiums paid to the workers' compensation reinsurance association for the period and for each retention layer for which the distribution is made.*

Subd. 3. [INSURED EMPLOYERS.] *A policyholder, other than a policyholder insured by the assigned risk plan or the state fund mutual insurance company, shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the state fund mutual insurance company.*

Subd. 4. [ASSIGNED RISK PLAN.] *A policyholder of the assigned risk plan shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the state fund mutual insurance company.*

Subd. 5. [STATE FUND MUTUAL INSURANCE COMPANY.] *A policyholder of the state fund mutual insurance company shall receive a refund of a share of the distribution equal to the policyholder's share of the annual total earned Minnesota workers' compensation insurance premium, as reported to the commissioner of commerce in the most recent annual statements of insurers, including the assigned risk plan and the state fund mutual insurance company.*

Subd. 6. [DISTRIBUTION DEFINED.] *For the purpose of subdivisions 3 to 5, "distribution" means a distribution described in subdivision 1 minus a distribution to self-insurers under subdivision 2.*

Subd. 7. [POLICYHOLDER.] *For the purpose of this section "policyholder" means a workers' compensation insurance policyholder in the calendar year preceding a declaration of excess surplus by the board of the reinsurance association.*

Subd. 8. [INFORMATION REQUIRED.] *Insurers and the workers' compensation insurers rating association of Minnesota must provide the workers' compensation reinsurance association with information necessary to administer and calculate the refunds to policyholders governed by this section within 60 days of a request by the association. For the purpose of this subdivision, "insurer" includes the assigned risk plan.*

Subd. 9. [REFUND DUE DATE.] *Policyholders must receive the refund within 60 days of the day the reinsurance association receives the information required to be provided by subdivision 8.*

Subd. 10. [UNCLAIMED REFUND.] *Any part of the refund not distributed within one year after the due date of a refund under this section due to the inability to identify or locate policyholders remains with the workers' compensation reinsurance association.*

Subd. 11. [COSTS OF DISTRIBUTION.] *The reinsurance association may pay the actual and reasonable costs of the refunds made under this section from earnings on a declared excess surplus prior to its distribution.*

Sec. 5. Minnesota Statutes 1992, section 79.34, is amended by adding a subdivision to read:

Subd. 2a. [DEFICIENCY.] *If the board determines that a distribution of excess surplus resulted in inadequate funds being available to pay claims that arose during the period upon which that distribution was calculated, the board shall determine the amount of the deficiency. The deficiency shall be made up by imposing an assessment rate against self-insured members and policyholders of insurer members. The board shall notify the commissioner of commerce of the amount of the deficiency and recommend an assessment rate. The commissioner shall order an assessment at a rate and for the time period necessary to eliminate the deficiency. The assessment rate shall be applied to the exposure base of self-insured employers and insured employers. The assessment may not be retroactive and applies only prospectively. The assessment may be spread over a period of time that will cause the least financial hardship to employers. All assessments under this subdivision are payable to the association. The commissioner may issue orders necessary to administer this section. The orders are not rules subject to chapter 14.*

Sec. 6. [79.362] [WORKERS' COMPENSATION REINSURANCE ASSOCIATION EXCESS SURPLUS DISTRIBUTION.]

An order of the commissioner of the department of labor and industry relating to the distribution of excess surplus of the workers' compensation reinsurance association shall be reviewed by the commissioner of commerce. The commissioner of commerce may amend, approve, or reject an order or issue further orders to accomplish the purposes of sections 2 and 4. The commissioner may not change the amount of the distribution ordered by the commissioner of labor and industry without agreement of the commissioner of labor and industry. An order of the commissioner of commerce under this section is not subject to chapter 14.

Sec. 7. [RESOLUTIONS AND ORDER NULLIFIED.]

Any resolution or plan of operation of the workers' compensation reinsurance association or order of the commissioner of labor and industry that purports to grant any claim to excess surplus to insurer members of the association that conflicts with sections 1 to 11 is nullified to the extent of the conflict.

Sec. 8. [79.363] [DISTRIBUTION OF EXCESS SURPLUS.]

The distribution of excess surplus of the workers' compensation reinsurance association is not a distribution of excess premiums to members. Any excess surplus not refunded according to section 2 must be returned to the association and must not be distributed to its members. Any excess surplus not distributed or refunded according to section 4 must be retained by the association and must not be distributed to members.

Sec. 9. [DISTRIBUTION EARNINGS.]

For the purpose of section 2, the refund to policyholders of excess surplus shall include any earnings on a distribution of excess surplus while the distribution was in the possession of an insurer.

Sec. 10. [COSTS OF LITIGATION.]

The workers' compensation reinsurance association shall reimburse the state for any and all costs, disbursements, and attorney fees in any way incurred by the state as part of or resulting from any litigation, including administrative or civil actions, involving the enforcement or validity of sections 1 to 11.

Sec. 11. [ORIGINAL JURISDICTION.]

The Minnesota supreme court has original jurisdiction over any action challenging the constitutionality or validity of this act and shall expedite the resolution of the action.

Sec. 12. [EFFECTIVE DATE.]

This act is effective the day following final enactment and applies retroactively to August 1, 1992."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Terwilliger moved to amend the Moe, R.D. amendment to S.F. No. 176, adopted by the Senate May 14, 1993, as follows:

Page 8, after line 18, insert:

"Sec. 12. [ASSUMPTION OF WORKERS' COMPENSATION REINSURANCE ASSOCIATION DUTIES AND OBLIGATIONS.]

Subdivision 1. [DUTIES.] *The state of Minnesota shall assume all rights, duties, assets, and obligations of the workers' compensation reinsurance association regarding obligations and losses assumed pursuant to Minnesota Statutes, section 79.34, as of the effective date of this section. The rights, duties, assets, and obligations assumed by the state of Minnesota shall be administered by the commissioner of labor and industry. The assets shall be placed in a special account to be named the reinsurance account in the general fund and together with the earnings from these assets are appropriated annually for the payment of the liabilities assumed. The commissioner of*

labor and industry shall administer the payment of these liabilities. The commissioner of labor and industry shall biennially report to the legislature as to the assets in the reinsurance account and the projected liabilities. The costs of administering the payment of the liabilities shall be reimbursed from the reinsurance account.

Subd. 2. [IN GENERAL.] *The department of labor and industry is a continuation of the workers' compensation reinsurance association and has all the rights and powers of the workers' compensation reinsurance association as to those matters within the jurisdiction of the workers' compensation reinsurance association that are transferred to the department.*

Subd. 3. [COURT ACTIONS.] *Any proceeding, court action, prosecution, or other business or matter pending on the effective date of a transfer of responsibilities may be conducted and completed by the department of labor and industry in the same manner and under the terms and conditions, and with the same effect, as though it involved or was commenced and conducted or completed by the workers' compensation reinsurance association prior to the transfer.*

Subd. 4. [CONTRACTS; RECORDS.] *The workers' compensation reinsurance association shall give all contracts, books, maps, plans, papers, records, and property of every description relating to the transferred responsibilities and within its jurisdiction or control to the department of labor and industry which shall accept the material presented. The transfer shall be made in accordance with the directions of the department of labor and industry.*

Subd. 5. [OBLIGATIONS.] *The department of labor and industry is the legal successor in all respects to the responsibilities of the workers' compensation reinsurance association that are transferred. The bonds, resolutions, contracts, and liabilities of the workers' compensation reinsurance association become as to the responsibilities transferred the bonds, resolutions, contracts, and liabilities of the department of labor and industry.*

Subd. 6. [CONTRACT WITH WORKERS' COMPENSATION REINSURANCE ASSOCIATION.] *The department of labor and industry may contract with the workers' compensation reinsurance association to perform any of the transferred duties, obligations, and responsibilities.*

Sec. 13. [REFUND DISTRIBUTION.]

The commissioner of commerce shall distribute any reserves of the workers' compensation reinsurance association, which are transferred to the state of Minnesota pursuant to section 12, that have been determined to be excess prior to the effective date of the section in the manner set forth in section 4 as soon as possible after the effective date of section 12.

Sec. 14. [EFFECT ON THE WORKERS' COMPENSATION REINSURANCE ASSOCIATION.]

Except as to the transfer of the rights, duties, assets, and obligations assumed by the state of Minnesota pursuant to sections 12 and 13, the workers' compensation reinsurance association shall not be affected by the provisions of sections 12 and 13."

Page 8, line 20, delete "*This act is*" and insert "*Sections 1 to 11 are*"

Page 8, after line 21, insert:

"*Sections 12 to 14 are effective August 1, 1994, if on that date the distribution of the excess surplus to employers pursuant to sections 4 to 11, and relevant rules and orders, has not been completed (1) because sections 4 to 11 or rules or orders issued pursuant to those sections have been held unconstitutional, or (2) because the distribution has been delayed by legal action challenging sections 4 to 11 or the orders requiring the distribution to employers. If the distributions have been made to employers in accordance with sections 4 to 11 and relevant orders have been made, this section is void and sections 12 to 14 have no effect.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 176. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Hottinger moved to amend the Moe, R.D. amendment to S.F. No. 176, adopted by the Senate May 14, 1993, as follows:

Page 1, after line 2, insert:

"ARTICLE 1"

Page 8, after line 21, insert:

"ARTICLE 2

Section 1. Minnesota Statutes 1992, section 79.50, is amended to read:

79.50 [PURPOSES.]

The purposes of chapter 79 are to:

(a) Promote public welfare by regulating insurance rates so that premiums are not excessive, inadequate, or unfairly discriminatory;

(b) Promote quality and integrity in the data bases used in workers' compensation insurance ratemaking;

(c) Prohibit price fixing agreements and anticompetitive behavior by insurers;

(d) ~~Promote price competition and provide rates that are responsive to competitive market conditions;~~

~~(e) Provide a means of establishment of proper rates if competition is not effective;~~

~~(f)~~ Define the function and scope of activities of data service organizations;

~~(g) Provide for an orderly transition from regulated rates to competitive market conditions;~~ and

~~(h)~~ *(e)* Encourage insurers to provide alternative innovative methods whereby employers can meet the requirements imposed by section 176.181.

Sec. 2. Minnesota Statutes 1992, section 79.51, subdivision 1, is amended to read:

79.51 [RULES.]

Subdivision 1. [ADOPTION; WHEN.] The commissioner shall adopt rules to implement provisions of this chapter. ~~The rules shall be finally adopted after May 1, 1982. By January 15, 1982, the commissioner shall provide the legislature a description and explanation of the intent and anticipated effect of the rules on the various factors of the rating system.~~

Sec. 3. Minnesota Statutes 1992, section 79.51, subdivision 3, is amended to read:

Subd. 3. [RULES; SUBJECT MATTER.] (a) The commissioner in issuing rules shall consider:

(1) data reporting requirements, including types of data reported, such as loss and expense data;

(2) experience rating plans;

(3) retrospective rating plans;

(4) general expenses and related expense provisions;

(5) minimum premiums;

(6) classification systems and assignment of risks to classifications;

(7) loss development and trend factors;

(8) the workers' compensation reinsurance association;

(9) requiring substantial compliance with the rules mandated by this section as a condition of workers' compensation carrier licensure;

(10) imposing limitations on the functions of workers' compensation data service organizations consistent with the introduction of competition;

(11) the rules contained in the workers' compensation rating manual adopted by ~~the workers' compensation insurers rating association~~ *licensed data service organizations*; ~~and~~

(12) *the supporting data and information required in filings under section 79.56, including but not limited to, the experience of the filing insurer and the extent to which the filing insurer relies upon data service organization loss information, descriptions of the actuarial and statistical methods employed in setting rates, and the filing insurers interpretation of any statistical data relied upon; and*

(13) any other factors that the commissioner deems relevant to achieve the purposes of this chapter.

(b) The rules shall provide for the following:

(1) ~~competition in workers' compensation insurance rates in such a way that the advantages of competition are introduced with a minimum of employer hardship;~~

~~(2)~~ adequate safeguards against excessive or discriminatory rates in workers' compensation;

~~(3)~~ *(2)* encouragement of workers' compensation insurance rates which are as low as reasonably necessary, but shall make provision against inadequate rates, insolvencies and unpaid benefits;

~~(4)~~ *(3)* assurances that employers are not unfairly relegated to the assigned risk pool;

~~(5)~~ *(4)* requiring all appropriate data and other information from insurers for the purpose of issuing rules, making legislative recommendations pursuant to this section ~~and monitoring the effectiveness of competition~~; and

~~(6)~~ *(5)* preserving a framework for risk classification, data collection, and other appropriate joint insurer services ~~where these will not impede the introduction of competition in premium rates~~.

Sec. 4. Minnesota Statutes 1992, section 79.53, subdivision 1, is amended to read:

Subdivision 1. [METHOD OF CALCULATION.] Each insurer shall establish premiums to be paid by an employer according to its filed rates and rating plan as follows:

Rates shall be applied to an exposure base to yield a base premium which may be further ~~modified~~ *increased or decreased up to 25 percent* by merit rating, premium discounts, and other appropriate factors contained in the rating plan of an insurer to produce premium *if the increase or decrease is not unfairly discriminatory*. Nothing in this chapter shall be deemed to prohibit the use of any premium, provided the premium is not excessive, inadequate or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1992, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market, premiums~~ *Rates and rating plans* are excessive if the expected underwriting profit, together with expected income from invested reserves ~~for the market in question~~, that would accrue to an insurer *under the rates and rating plans* would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business. *The burden is on the insurer to establish that profit is not unreasonably high.*

Sec. 6. Minnesota Statutes 1992, section 79.55, subdivision 5, is amended to read:

Subd. 5. [DISCOUNTS PERMITTED.] An insurer may offer a ~~discount from~~ *scheduled credit or debit to* a manual premium *of up to 25 percent* if the premium otherwise complies with this section. ~~The commissioner shall not by rule, or otherwise, prohibit a credit or discount from a manual premium solely because it is greater than a certain fixed percentage of the premium.~~

Sec. 7. Minnesota Statutes 1992, section 79.55, is amended by adding a subdivision to read:

Subd. 6. [RATING FACTORS.] *In determining whether a rate filing complies with this section, separate consideration shall be given to: (i) past and prospective loss experience within this state and outside this state to the*

extent necessary to develop credible rates; (ii) dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers; and (iii) a reasonable allowance for expense and profit. An allowance for expense shall be presumed reasonable if it reflects expenses that are 22.5 percent greater or less than the average expense for all insurers writing workers' compensation insurance in this state. An allowance for after-tax profit shall consider anticipated investment income from premium receipts net of disbursements and from allocated surplus, based on the current five-year United States Treasury note yield and an assumed premium to surplus ratio of 2.25 to one. The allowance for after-tax profit shall be presumed reasonable if the corresponding return on equity target is equal to or less than the sum of: (i) the current yield on five-year United States Treasury securities; and (ii) an appropriate equity risk premium that reflects the risks of writing workers' compensation insurance. The risk premium shall not be less than the average, since 1926, of the differences in return between: (i) the annual return, including dividend income, for the Standards and Poors 500 common stock index or predecessor index for each year; and (ii) the five-year United States Treasury note yield as of the start of the corresponding year. Profit and expense allowances not presumed reasonable under this subdivision, are reasonable if the circumstances of an insurer, the market, or other factors justify them.

Sec. 8. Minnesota Statutes 1992, section 79.55, is amended by adding a subdivision to read:

Subd. 7. [EXTERNAL FACTORS.] *That portion of a rate or rating plan related to assessments from the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, agent commission, premium tax, and any other state-mandated surcharges shall not cause the rate or rating plan to be considered excessive, inadequate, or unfairly discriminatory.*

Sec. 9. Minnesota Statutes 1992, section 79.56, subdivision 1, is amended to read:

Subdivision 1. [~~AFTER EFFECTIVE DATE~~ *PREFILING OF RATES.*] Each insurer shall file with the commissioner a complete copy of its rates and rating plan, ~~and~~ all changes and amendments thereto, ~~within 15 days after their~~ *and such supporting data and information that the commissioner may by rule require, at least 60 days prior to its* effective ~~dates~~ *date.* ~~An insurer need not file a rating plan if it uses a rating plan filed by a data service organization. If an insurer uses a rating plan of a data service organization but deviates from it, then all deviations must be filed by the insurer.~~ *The commissioner shall advise an insurer within 30 days of the filing if its submission is not accompanied with such supporting data and information that the commissioner by rule may require. The commissioner may extend the filing review period and effective date for an additional 30 days if an insurer, after having been advised of what supporting data and information is necessary to complete its filing, does not provide such information within 15 days of having been so notified. If any rate or rating plan filing or amendment thereto is not disapproved by the commissioner within the filing review period, the insurer may implement it. For the period January 1, 1994, to December 31, 1994, the filing shall be made at least 90 days prior to the effective date and the department shall advise an insurer within 60 days of such filing if the filing is insufficient under this section.*

Sec. 10. Minnesota Statutes 1992, section 79.56, subdivision 3, is amended to read:

Subd. 3. [PENALTIES.] Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to $100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to $500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law. *Notwithstanding this subdivision, an employer that generates $500,000 in annual written workers' compensation premium under the rates and rating plan of an insurer before the application of any large deductible rating plans, may be written by that insurer using rates or rating plans that are not subject to disapproval but which have been filed. The $500,000 threshold shall be increased on January 1, 1995, and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, to the nearest $1,000. The commissioner shall advise insurers licensed to write workers' compensation insurance in this state of the annual threshold adjustment.*

Sec. 11. [79.561] [DISAPPROVAL OF RATES OR RATING PLANS.]

Subdivision 1. [DISAPPROVAL; TIME PERIOD.] *The commissioner may disapprove a rate and rating plan or amendment thereto prior to its effective date, as provided under section 79.56, subdivision 1, if the commissioner determines that it is excessive, inadequate, or unfairly discriminatory. If the commissioner disapproves any rate or rating plan filing or amendment thereto, the commissioner shall advise the filing insurer what rate and rating plan the commissioner has reason to believe would be in compliance with section 79.55, and the reasons for that determination. An insurer may not implement a rate and rating plan or amendment thereto which has been disapproved under this subdivision. If the commissioner disapproves any rate and rating plan filing or amendment thereto, an insurer may use its current rate and rating plan for writing any workers' compensation insurance in this state. Following any disapproval, the commissioner and insurer may reach agreement on a rate or rating plan filing or amendment thereto. Notwithstanding any law to the contrary, in such cases, the rate or rating plan filing or amendment thereto may be implemented by the insurer immediately.*

Subd. 2. [HEARING.] *If an insurer's rate or rating plan filing or amendment thereto is disapproved under subdivision 1, the insurer may request a contested case hearing under chapter 14. The insurer shall have the burden of proof to justify that its rate and rating plan or amendment thereto is in compliance with section 79.55. The hearing must be scheduled promptly and in no case later than three months from the date of disapproval or else the rate and rating plan or amendment thereto shall be considered effective and may be implemented by the insurer. A determination pursuant to chapter 14 must be made within 90 days following the closing of the hearing record.*

Subd. 3. [CONSULTANTS AND COSTS.] *The commissioner may retain consultants, including a consulting actuary or other experts, that the commissioner determines necessary for purposes of this chapter. The salary limit set by section 43A.17 does not apply to a consulting actuary retained under this subdivision. A consulting actuary shall be a fellow in the casualty actuarial society and shall have demonstrated experience in workers' compensation insurance ratemaking. Any individual not so qualified shall not*

render an opinion or testify on actuarial aspects of a filing, including but not limited to, data quality, loss development, and trending. The costs incurred in retaining any consulting actuaries and experts shall be reimbursed by the special compensation fund.

Sec. 12. [APPROPRIATION.]

$2,600,000 is appropriated from the special compensation fund for the biennium ending June 30, 1995, to the department of commerce for the purposes of this article. The complement of the department of commerce is increased by 13 positions for the purposes of this article.

Sec. 13. [EFFECTIVE DATE; TRANSITION.]

This article is effective on January 1, 1994. Rates and rating plans in use as of January 1, 1994, may continue to be used until such time as an amendment thereto or a new rate or rating plan is filed, at which time such submission shall be subject to this article.

Sec. 14. [REPEALER.]

Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; and 79.58, are repealed.

ARTICLE 3

Section 1. Minnesota Statutes 1992, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101. If doubt exists as to the eventual permanent partial disability, payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or ~~lump sum or periodic payment of~~ impairment compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation

or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive economic recovery compensation or impairment compensation vests in an injured employee at the time the disability can be ascertained provided that the employee lives for at least 30 days beyond the date of the injury. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 2. Minnesota Statutes 1992, section 176.021, subdivision 3a, is amended to read:

Subd. 3a. [PERMANENT PARTIAL BENEFITS, PAYMENT.] Payments for permanent partial disability as provided in section 176.101, subdivision 3, shall be made in the following manner:

(a) If the employee returns to work, payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*;

(b) If temporary total payments have ceased, but the employee has not returned to work, payment shall be made at the same intervals as temporary total payments were made;

(c) If temporary total disability payments cease because the employee is receiving payments for permanent total disability or because the employee is retiring or has retired from the work force, then payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*;

(d) If the employee completes a rehabilitation plan pursuant to section 176.102, but the employer does not furnish the employee with work the employee can do in a permanently partially disabled condition, and the employee is unable to procure such work with another employer, then payment shall be made ~~by lump sum~~ *at the same intervals as temporary total payments were made*.

Sec. 3. Minnesota Statutes 1992, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For injury producing temporary total disability, the compensation is 66-2/3 percent of the weekly wage at the time of injury.

(b) During the year commencing on October 1, 1992, ~~and each year thereafter,~~ the maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(c) *During the year commencing on October 1, 1993, the maximum weekly compensation payable is 106 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.*

(d) During the year commencing on October 1, 1994, the maximum weekly compensation payable is 107 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(e) During the year commencing on October 1, 1995, the maximum weekly compensation payable is 108 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(f) During the year commencing on October 1, 1996, the maximum weekly compensation payable is 109 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(g) During the year commencing on October 1, 1997, and each year thereafter, the maximum weekly compensation payable is 110 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(h) The minimum weekly compensation payable is 20 percent of the statewide average weekly wage for the period ending December 31 of the preceding year or the injured employee's actual weekly wage, whichever is less.

~~(d)~~ *(i)* Subject to subdivisions 3a to 3u this compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be.

Sec. 4. Minnesota Statutes 1992, section 176.101, subdivision 3g, is amended to read:

Subd. 3g. [ACCEPTANCE OF JOB OFFER.] If the employee accepts a job offer described in subdivision 3e and the employee begins work at that job, although not necessarily within the 90-day period specified in that subdivision, the impairment compensation shall be paid ~~in a lump sum 30 calendar days after the employee actually commences work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period~~ *at the same rate that temporary total compensation was last paid.*

Sec. 5. Minnesota Statutes 1992, section 176.101, subdivision 3l, is amended to read:

Subd. 3l. [FAILURE TO ACCEPT JOB OFFER.] If the employee has been offered a job under subdivision 3e and has refused the offer, the impairment

compensation ~~shall not be paid in a lump sum but~~ shall be paid in the same interval and amount that temporary total compensation was initially paid. This compensation shall not be escalated pursuant to section 176.645. Temporary total compensation shall cease upon the employee's refusal to accept the job offered and no further or additional temporary total compensation is payable for that injury. The payment of the periodic impairment compensation shall cease when the amount the employee is eligible to receive under subdivision 3b is reached, after which time the employee shall not receive additional impairment compensation or any other compensation under this chapter unless the employee has a greater permanent partial disability than already compensated for.

Sec. 6. Minnesota Statutes 1992, section 176.101, subdivision 3m, is amended to read:

Subd. 3m. [RETURN TO WORK AFTER REFUSAL OF JOB OFFER.] If the employee has refused the job offer under subdivision 3e and is receiving periodic impairment compensation and returns to work at another job, the employee shall receive the remaining impairment compensation ~~due, in a lump sum, 30 days after return to work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period~~ *at the same rate that temporary total compensation was last paid.*

Sec. 7. Minnesota Statutes 1992, section 176.101, subdivision 3o, is amended to read:

Subd. 3o. [INABILITY TO RETURN TO WORK.] (a) An employee who is permanently totally disabled pursuant to subdivision 5 shall receive impairment compensation as determined pursuant to subdivision 3b. This compensation is payable in addition to permanent total compensation pursuant to subdivision 4 and is payable concurrently. In this case the impairment compensation shall be paid in the same intervals and amount as the permanent total compensation was initially paid, and the impairment compensation shall cease when the amount due under subdivision 3b is reached. If this employee returns to work at any job during the period the impairment compensation is being paid, ~~the remaining impairment compensation due shall be paid in a lump sum 30 days after the employee has returned to work and~~ no further temporary total compensation shall be paid.

(b) If an employee is receiving periodic economic recovery compensation and is determined to be permanently totally disabled no offset shall be taken against future permanent total compensation for the compensation paid and no permanent total weekly compensation is payable for any period during which economic recovery compensation has already been paid. No further economic recovery compensation is payable even if the amount due the employee pursuant to subdivision 3a has not yet been reached.

(c) An employee who has received periodic economic recovery compensation and who meets the criteria under clause (b) shall receive impairment compensation pursuant to clause (a) even if the employee has previously received economic recovery compensation for that disability.

(d) Rehabilitation consultation pursuant to section 176.102 shall be provided to an employee who is permanently totally disabled.

Sec. 8. Minnesota Statutes 1992, section 176.101, subdivision 3q, is amended to read:

Subd. 3q. [METHOD OF PAYMENT OF ECONOMIC RECOVERY COMPENSATION.] (a) Economic recovery compensation is payable at the same intervals and in the same amount as temporary total compensation was initially paid. ~~If the employee returns to work and the economic recovery compensation is still being paid, the remaining economic recovery compensation due shall be paid in a lump sum 30 days after the employee has returned to work if the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at that job at the end of the period.~~

(b) Periodic economic recovery compensation paid to the employee shall not be adjusted pursuant to section 176.645.

Sec. 9. Minnesota Statutes 1992, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be 66-2/3 percent of the daily wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to ~~the minimum weekly compensation for a temporary total disability~~ *65 percent of the statewide average weekly wage*. This compensation shall be paid during the permanent total disability of the injured employee but after a total of $25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 10. Minnesota Statutes 1992, section 176.101, subdivision 5, is amended to read:

Subd. 5. [DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury *that results in a disability rating under this chapter of at least 15 percent of the whole body* which totally and permanently

incapacitates the employee from working at an occupation which brings the employee an income.

(b) For purposes of paragraph (a), clause (2), "totally and permanently incapacitated" means that the employee's physical disability, in combination with the employee's age, education, training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income.

Sec. 11. Minnesota Statutes 1992, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on or after October 1, 1977, ~~but prior to October 1, 1992,~~ under this section shall exceed six percent a year; in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be six percent. *For injuries occurring on or after October 1, 1992,* no adjustment increase ~~made on or after October 1, 1992,~~ under this section shall exceed four percent a year; in those instances where the adjustment under the formula of this section would exceed this maximum, the increase shall be deemed to be four percent.

Sec. 12. Minnesota Statutes 1992, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is 66-2/3 percent of the employee's weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. ~~The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.~~

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, section 176.132, subdivisions 1 and 2, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 10, 12, and 13 are effective October 1, 1993. Sections 9, 12, and 13 apply to a personal injury, as defined under Minnesota Statutes, section 176.011, subdivision 16, occurring on or after October 1, 1993.

Section 11 is effective the day following final enactment and applies retroactively to October 1, 1992."

Amend the title accordingly

Mr. Finn questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Ms. Runbeck appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Murphy	Reichgott
Berglin	Janezich	Luther	Novak	Riveness
Betzold	Johnson, D.J.	Marty	Pappas	Samuelson
Chandler	Johnson, J.B.	Merriam	Piper	Solon
Cohen	Kelly	Metzen	Pogemiller	Spear
Finn	Krentz	Moe, R.D.	Price	Wiener
Flynn	Kroening	Mondale	Ranum	

Those who voted in the negative were:

Adkins	Chmielewski	Kiscaden	Morse	Sams
Beckman	Day	Knutson	Neuville	Stevens
Belanger	Dille	Laidig	Oliver	Stumpf
Benson, D.D.	Frederickson	Langseth	Olson	Terwilliger
Benson, J.E.	Hottinger	Larson	Pariseau	Vickerman
Berg	Johnson, D.E.	Lesewski	Robertson	
Bertram	Johnston	McGowan	Runbeck	

The decision of the President was sustained.

S.F. No. 176 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Morse	Robertson
Anderson	Dille	Krentz	Murphy	Sams
Beckman	Finn	Kroening	Neuville	Samuelson
Belanger	Flynn	Laidig	Novak	Solon
Benson, D.D.	Frederickson	Langseth	Olson	Spear
Benson, J.E.	Hanson	Lesewski	Pappas	Stevens
Berg	Hottinger	Lessard	Pariseau	Stumpf
Berglin	Janezich	Luther	Piper	Terwilliger
Bertram	Johnson, D.E.	Marty	Pogemiller	Vickerman
Betzold	Johnson, D.J.	McGowan	Price	Wiener
Chandler	Johnson, J.B.	Metzen	Ranum	
Chmielewski	Kelly	Moe, R.D.	Reichgott	
Cohen	Kiscaden	Mondale	Riveness	

Those who voted in the negative were:

Johnston	Larson	Merriam	Oliver	Runbeck

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. 10 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 10: A bill for an act relating to education; establishing a youth apprenticeship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

Mr. Beckman moved to amend H.F. No. 10, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [126B.01] [PURPOSE.]

To better prepare all learners to make transitions between education and employment, a comprehensive system is established to:

(1) assist individuals in planning their futures by providing counseling and information about career opportunities;

(2) integrate opportunities for work-based learning, including but not limited to occupation-specific apprenticeship programs and community service programs, into the curriculum;

(3) promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and

(4) expand educational options available to students through collaborative efforts between secondary institutions, post-secondary institutions, business, industry, organized labor, and other interested parties.

Sec. 2. [126B.02] [EDUCATION AND EMPLOYMENT TRANSITIONS COUNCIL.]

Subdivision 1. [MEMBERSHIP.] *The education and employment transitions council is established composed of the governor or governor's designee; the commissioners of education, labor and industry, and jobs and training; the chancellors of the technical and community colleges; a representative of the higher education coordinating board selected by the board; the president of Minnesota Technology, Inc.; one representative each from the Minnesota education association and the Minnesota federation of teachers; the executive director of the state council on vocational technical education; one representative each from the Minnesota chamber of commerce, the Minnesota business partnership, and the Minnesota high technology council; and two representatives appointed by the Minnesota AFL-CIO.*

Subd. 2. [PURPOSE.] *The council shall assist in developing and implementing youth apprenticeship programs throughout the state and, where feasible, in integrating community service and service learning curriculum into youth apprenticeship programs. The council shall submit a report to the legislature and the governor, annually by January 15, describing the actions taken during the previous calendar year to develop and implement youth apprenticeship programs under this section, what waivers of law, if any, are necessary to accomplishing the purposes of this section, and the budget and staffing needs of the programs.*

Subd. 3. [DUTIES.] *The council shall:*

(1) identify changes that must be made in post-secondary guidance and counselor and vocational education preparation programs to facilitate work-force development;

(2) identify means of implementing career awareness and counseling at the elementary level, secondary level, and post-secondary level;

(3) ensure that graduation standards are met;

(4) identify means of using labor market forecasting to assist individuals engaged in career counseling and vocational education preparation;

(5) delineate the role of elementary schools, secondary schools, post-secondary institutions, employers, state agencies, and organized labor in the activities under this act;

(6) develop plans to meet the unique needs of sparsely populated areas in establishing a comprehensive youth apprenticeship program;

(7) develop plans to meet the unique needs of metropolitan areas in establishing a comprehensive youth apprenticeship program;

(8) develop plans to meet the unique needs of students with disabilities in establishing comprehensive youth apprenticeship programs;

(9) advise the department of education concerning the implementation of comprehensive youth apprenticeship and youth works programs;

(10) approve industry and occupational skill standards recommended by the skills standards committees; and

(11) ensure that the comprehensive youth apprenticeship and youth works programs established are consistent with state and federal education, labor, and job training policies including chapter 178 as it applies to youth apprenticeship.

Subd. 4. [ADVISORY COMMITTEES.] *The council may appoint advisory committees.*

Sec. 3. [126B.03] [COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAM.]

Subdivision 1. [OBJECTIVES.] *(a) The education and employment transitions council, with the assistance of the department of education, shall establish a comprehensive youth apprenticeship program to better prepare all learners to make transitions between education and employment.*

(b) A comprehensive youth apprenticeship program must accomplish the following objectives:

(1) provide students with work-based learning in skilled occupations that lead to high skill employment and opportunities for advancement;

(2) integrate students' secondary and post-secondary academic instruction and work-related learning so that they may qualify for an apprenticeship or other high skill training program;

(3) beginning in junior high school, expand the range of skilled occupations available to students to explore as career options;

(4) improve students' qualifications for an apprenticeship or other high skill training program and the opportunity to obtain secondary and post-secondary credit for their program experience;

(5) improve students' ability to use academic skills in the workplace;

(6) actively encourage women and minority students to participate in apprenticeship or other high skill training programs;

(7) increase the number of qualified students preparing to enter skilled industries and occupations and work with employers to improve students' access to such industries and occupations;

(8) involve representatives of business, industry, occupations, and organized labor in planning, developing, and evaluating the program, including designing the work-related curriculum;

(9) enable employers to assess students' skills and abilities before accepting the students as apprentices or employing them;

(10) expand employers' interest in and willingness to invest in training students for skilled occupations; and

(11) create a school program that is interesting, enjoyable, and challenging.

Subd. 2. [ACADEMIC INSTRUCTION AND WORK-RELATED LEARNING.] *(a) A comprehensive youth apprenticeship program must integrate academic instruction and work-related learning in the classroom and at the workplace. Schools, in collaboration with students' employers, must use competency-based measures to evaluate students' progress in the program. Students who successfully complete the program must receive academic and occupational credentials from the participating school.*

(b) The academic instruction provided as part of a comprehensive youth apprenticeship program must:

(1) meet applicable secondary and post-secondary education requirements;

(2) enable the students to attain academic proficiency in at least the areas of English, mathematics, history, science, and geography; and

(3) where appropriate, modify existing secondary and post-secondary curricula to accommodate the changing needs of the workplace.

(c) Work-based learning provided as part of the program must:

(1) supply students with knowledge, skills, and abilities based on appropriate, nationally accepted standards in the specific industries and occupations for which the students are trained;

(2) offer students structured job training at the worksite, including high quality supervised learning opportunities;

(3) foster interactive, team-based learning;

(4) encourage sound work habits and behaviors;

(5) develop workplace skills, including the ability to manage resources, work productively with others, acquire and use information, understand and master systems, and work with technologies; and

(6) where feasible, offer students the opportunity to participate in community service and service learning activities.

(d) Worksite learning and experience provided as part of the program must:

(1) help youth apprentices achieve the program's academic and work-based learning requirements;

(2) pay apprentices for their work; and

(3) assist employers to fulfill their commitment to youth apprentices.

Subd. 3. [PROGRAM COMPONENTS.] *(a) A comprehensive youth apprenticeship program must require representatives of secondary and post-secondary school systems, affected local businesses, industries, occupations and labor, as well as the local community, to be actively and collaboratively involved in advising and managing the program.*

(b) The entities participating in a program must consult with local private industry councils to ensure that the youth apprenticeship program meets local labor market demands and provides student apprentices with the high skill training necessary for career advancement within an occupation.

(c) The program must meet applicable state education requirements and labor standards, provide support services to program participants, and accommodate the integrating of work-related learning and academic instruction through flexible schedules for students and teachers and appropriately modified curriculum.

(d) Local employers, collaborating with labor organizations where appropriate, must assist the program by analyzing workplace needs, creating work-related curriculum, employing and adequately paying youth apprentices engaged in work-related learning in the workplace, training youth apprentices to become skilled in an occupation, providing student apprentices with a workplace mentor, periodically informing the school of an apprentice's progress, and making a reasonable effort to employ youth apprentices who successfully complete the program.

(e) A student participating in a comprehensive youth apprenticeship program must sign a youth apprenticeship agreement with participating entities that obligates youth apprentices, their parents or guardians, employers, and schools to meet program requirements; indicates how academic instruction, work-based learning, and worksite learning and experience will be integrated; ensures that successful youth apprentices will receive a recognized credential of academic and occupational proficiency; and establishes the wage rate and other benefits for which youth apprentices are eligible while employed during the program.

(f) Secondary school principals or counselors or business mentors familiar with the demonstration project must inform entering secondary school students about available occupational and career opportunities and the option of entering a youth apprenticeship program to obtain post-secondary academic and occupational credentials.

Sec. 4. [126B.04] [INDUSTRY AND OCCUPATIONAL SKILLS STANDARDS COMMITTEES.]

Subdivision 1. [COMMITTEES.] *The education and employment transitions council shall establish and convene committees to develop and recom-*

mend industry and occupational skill standards for the industries in which apprentices are placed.

Subd. 2. [MEMBERSHIP.] *Committee membership must consist of industry and trade representatives, employer representatives, and educators familiar with the skills, knowledge, and competencies of the industry. The council shall determine the membership of each committee it establishes.*

Subd. 3. [DUTIES.] *Each committee shall:*

(1) establish the terms of each apprenticeship experience including a probationary period;

(2) identify the current and future skill needs of occupations selected for inclusion in the apprenticeship program;

(3) make recommendations on compensation for students participating in the program;

(4) delineate the eligibility criteria that must be met by applicants to a youth apprenticeship program;

(5) identify how a student's abilities will be assessed upon admission to the program, during the program, and at the conclusion of the program;

(6) specify the academic and technical preparation a student must complete and the duration and nature of the worksite experience;

(7) determine the components of the training program for industry trainers;

(8) identify job sites for apprenticeships within each industry;

(9) establish competencies that must be demonstrated by student apprentices upon completion of the program;

(10) delineate means of integrating academic and technical preparation into youth apprenticeship programs; and

(11) develop an agreement to be signed by each participant that delineates, at a minimum:

(i) the goals a student must meet as a condition of successfully completing the program;

(ii) the manner in which a student's performance will be evaluated;

(iii) a timetable of program activities;

(iv) services and experiences to be provided by the employer; and

(v) the terms of the apprenticeship experience.

Sec. 5. [126B.05] [COMPREHENSIVE YOUTH APPRENTICESHIP DEMONSTRATION PROGRAMS.]

The education and employment transitions council, with the assistance of the department of education, shall award planning and implementation grants to establish comprehensive youth apprenticeship demonstration programs. The education and employment transitions council, with the assistance of the department of education, shall establish criteria by September 15, 1993, for evaluating grant proposals. The criteria established must include the components outlined in section 3. The commissioner of education shall develop and

publicize the grant application process. The education and employment transitions council shall review and comment on the proposals submitted. A grant applicant must represent secondary and post-secondary school systems and secondary school principals, and should include representatives of affected local businesses, industries and labor, as well as the local community.

When the youth apprenticeship program is implemented student funding must be determined according to section 123.3514.

Sec. 6. [126B.06] [GENERAL PROVISIONS.]

All state and federal laws relating to workplace health and safety apply to youth apprenticeships.

The employment of a youth apprentice may not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed worker.

Sec. 7. [APPROPRIATION; DEMONSTRATION PROJECTS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education for developing and implementing comprehensive youth apprenticeship demonstration programs under section 5:*

$1,000,000 ... 1994.

The appropriation is available until June 30, 1995. Up to $100,000 of this appropriation may be used by the commissioner of the department of education to contract for services to provide technical assistance in creating a clearinghouse for information, recruiting businesses, developing skills standards, developing evaluation criteria, and establishing a databank for youth apprenticeship programs. The appropriation is available until June 30, 1995.

The education and employment transitions council shall actively seek a dollar for dollar match in funding or in-kind contributions from nonstate sources, including local program participants.

Subd. 2. [DEMONSTRATION PROJECTS.] *The education and employment transitions council shall implement the comprehensive youth apprenticeship demonstration programs during the 1994-1995 biennium. Industries and occupations participating in the program must offer youth apprentices entry-level employment during the apprenticeship program period with opportunities for advancing into high skill, high wage positions.*

Entities participating in the program must make a five-year commitment to effectively implementing a youth apprenticeship program."

Delete the title and insert:

"A bill for an act relating to education; establishing a comprehensive youth apprenticeship system; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 126B."

The motion prevailed. So the amendment was adopted.

Mr. Beckman then moved to amend the Beckman amendment to H.F. No. 10, adopted by the Senate May 14, 1993, as follows:

Page 1, line 33, after the semicolon, insert "*a service delivery area director appointed by the governor; a business chair of a private industry council appointed by the governor;*"

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

H.F. No. 10 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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. 1314 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1314: A bill for an act relating to employees; providing for a wage protection program; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 181.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 17, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kelly	Merriam	Pogemiller
Anderson	Dille	Knutson	Metzen	Price
Beckman	Finn	Krentz	Moe, R.D.	Ranum
Berg	Flynn	Kroening	Mondale	Reichgott
Berglin	Hanson	Laidig	Morse	Riveness
Bertram	Hottinger	Langseth	Murphy	Sams
Betzold	Janezich	Lessard	Novak	Samuelson
Chandler	Johnson, D.J.	Luther	Pappas	Spear
Cohen	Johnson, J.B.	Marty	Piper	Vickerman

Those who voted in the negative were:

Belanger	Johnston	McGowan	Pariseau	Terwilliger
Benson, D.D.	Kiscaden	Neuville	Robertson	
Frederickson	Larson	Oliver	Runbeck	
Johnson, D.E.	Lesewski	Olson	Stevens	

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. 1149 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1149: A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

Mr. Morse moved to amend H.F. No. 1149, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 861.)

Page 3, after line 4, insert:

"Sec. 3. Minnesota Statutes 1992, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation, limited liability company, pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions in this subdivision do not apply to corporations or partnerships in clause (b) and do not apply to corporations, limited partnerships, and pension or investment funds that record its name and the particular exception under clauses (a) to ~~(s)~~ *(t)* under which the agricultural land is owned or farmed, have a conservation plan prepared for the agricultural land, report as required under subdivision 4, and satisfy one of the following conditions under clauses (a) to ~~(s)~~ *(t)*:

(a) a bona fide encumbrance taken for purposes of security;

(b) a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership as defined in subdivision 2 or a general partnership;

(c) agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973, or a pension or investment fund as of May 12, 1981, including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(d) agricultural land operated for research or experimental purposes with the approval of the commissioner of agriculture, provided that any commercial sales from the operation must be incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, or pension or investment fund seeking to operate agricultural land for research or experimental purposes must submit to the commissioner a prospectus or

proposal of the intended method of operation, containing information required by the commissioner including a copy of any operational contract with individual participants, prior to initial approval of an operation. A corporation, limited partnership, or pension or investment fund operating agricultural land for research or experimental purposes prior to May 1, 1988, must comply with all requirements of this clause except the requirement for initial approval of the project;

(e) agricultural land operated by a corporation or limited partnership for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) agricultural land and land capable of being used for farming leased by a corporation or limited partnership in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973, or to the limited partnership as of May 1, 1988, and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973, for a corporation or May 1, 1988, for a limited partnership in any five-year period, and the additional acreage reasonably necessary to meet the requirements of pollution control rules;

(g) agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious, or charitable nonprofit corporation or by a pension or investment fund or limited partnership; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation or limited partnership which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, or a limited partnership other than a family farm partnership or authorized farm partnership as defined in subdivision 2, for which the corporation or limited partnership has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation or limited partnership may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation;

(i) agricultural lands acquired by a pension or investment fund or a corporation or limited partnership by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title if acquired

before May 1, 1988, and five years after acquiring the title if acquired on or after May 1, 1988, acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten-year or five-year period except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, a family farm partnership, or an authorized farm partnership. The aforementioned ten-year or five-year limitation period shall be deemed a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, or limited partnership. Notwithstanding the five-year divestiture requirement under this clause, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period;

(j) agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, a family farm corporation, or a family farm partnership;

(k) agricultural land, either leased or owned, totaling no more than 2,700 acres, acquired after May 20, 1973, for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2,000 acres of asparagus production;

(l) all agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, section 500.24, subdivision 1, clause (d), but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) a corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of this subdivision under the provisions of Laws 1973, chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975, in any five-year period and the additional ownership reasonably necessary to meet requirements of pollution control rules;

(o) agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978, and the additional ownership reasonably necessary to meet requirements of pollution control rules, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, chapter 324, section 1, subdivision 2;

(p) an interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d);

(q) agricultural land owned by a nursing home located in a city with a population, according to the state demographer's 1985 estimate, between 900 and 1,000, in a county with a population, according to the state demographer's 1985 estimate, between 18,000 and 19,000, if the land was given to the nursing home as a gift with the expectation that it would not be sold during the donor's lifetime. This exemption is available until July 1, 1995;

(r) the acreage of agricultural land and land capable of being used for farming owned and recorded by an authorized farm corporation as defined in Minnesota Statutes 1986, section 500.24, subdivision 2, paragraph (d), or a limited partnership as of May 1, 1988, including the normal expansion of the ownership at a rate not to exceed 20 percent of the land owned and recorded as of May 1, 1988, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(s) agricultural land owned or leased as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3~~.~~*; and*

(t) farming of livestock acquired by a pension or investment fund, corporation, limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of a lien or claim thereon, whether created by a security agreement or otherwise; provided, however, that all livestock so acquired be disposed of within one full production cycle for the type of livestock operation from which the livestock was acquired but in no case later than 18 months after acquisition or 18 months after the effective date of this subdivision, whichever is later. This clause does not diminish the rights existing under this section, for financial institutions insured by the FDIC or its successor.''

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Frederickson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Sams moved to amend H.F. No. 1149, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 861.)

Page 2, line 12, strike ''$20,000'' and insert ''*$35,000*''

The motion prevailed. So the amendment was adopted.

Mr. Sams then moved to amend H.F. No. 1149, as amended pursuant to Rule 49, adopted by the Senate May 12, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 861.)

Page 3, after line 9, insert:

''Sec. 4. [APPROPRIATION; DAIRY LEADERS ROUNDTABLE.]

Notwithstanding any rules adopted under Minnesota Statutes, section 32A.071, a total of not more than $100,000 in fiscal year 1993 and a total of not more than $100,000 in fiscal year 1994 are appropriated on June 30, 1993, and June 30, 1994, from the balance remaining in the Minnesota milk

over-order premium account after all payments have been made at the discretion of the commissioner of agriculture to the Minnesota dairy leaders roundtable for programs and activities of the roundtable."

The motion prevailed. So the amendment was adopted.

H.F. No. 1149 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	Finn	Krentz	Mondale	Riveness
Anderson	Flynn	Laidig	Morse	Robertson
Beckman	Frederickson	Langseth	Neuville	Runbeck
Belanger	Hanson	Larson	Novak	Sams
Benson, J.E.	Hottinger	Lesewski	Oliver	Samuelson
Berg	Janezich	Lessard	Olson	Solon
Bertram	Johnson, D.E.	Luther	Pappas	Spear
Betzold	Johnson, D.J.	Marty	Pariseau	Stevens
Chandler	Johnson, J.B.	McGowan	Piper	Terwilliger
Cohen	Johnston	Merriam	Price	Vickerman
Day	Kiscaden	Metzen	Ranum	Wiener
Dille	Knutson	Moe, R.D.	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. 1138 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1138: A bill for an act relating to agriculture; changing eligibility and participation requirements for certain rural finance authority programs; authorizing an application fee; amending Minnesota Statutes 1992, sections 41B.03, subdivision 1, and by adding a subdivision; 41B.039, subdivision 2; and 41B.042, 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 60 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Mondale	Reichgott
Beckman	Flynn	Kroening	Morse	Riveness
Belanger	Frederickson	Laidig	Murphy	Runbeck
Benson, J.E.	Hanson	Langseth	Neuville	Sams
Berg	Hottinger	Larson	Novak	Samuelson
Bertram	Janezich	Lesewski	Oliver	Solon
Betzold	Johnson, D.E.	Lessard	Olson	Spear
Chandler	Johnson, J.B.	Luther	Pappas	Stevens
Chmielewski	Johnston	Marty	Pariseau	Stumpf
Cohen	Kelly	McGowan	Piper	Terwilliger
Day	Kiscaden	Merriam	Price	Vickerman
Dille	Knutson	Metzen	Ranum	Wiener

Ms. Robertson voted in the negative.

So the bill passed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Flynn moved that the following members be excused for a Conference Committee on H.F. No. 238 from 2:15 to 2:45 p.m.:

Mses. Flynn, Johnston and Mr. Hottinger. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1523 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1523: A bill for an act relating to insurance; establishing and regulating the life and health guaranty association; providing for its powers and duties; amending Minnesota Statutes 1992, section 61A.02, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 61B; repealing Minnesota Statutes 1992, sections 61B.01; 61B.02; 61B.03; 61B.04; 61B.05; 61B.06; 61B.07; 61B.08; 61B.09; 61B.10; 61B.11; 61B.12; 61B.13; 61B.14; 61B.15; and 61B.16.

Mr. Luther moved to amend H.F. No. 1523, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1135.)

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1992, section 61A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL REQUIRED.] No policy of life insurance *or annuity contract* nor any rider of any kind or description which is made a part thereof shall be issued or delivered in this state, or be issued by a life insurance company organized under the laws of this state, until the form of the same has been approved by the commissioner. In making a determination under this section, the commissioner may require the insurer to provide rates and advertising materials related to policies *or contracts* issued or delivered in this state.

Sec. 2. Minnesota Statutes 1992, section 61A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided are unreasonable in relation to the premium charged;

(2) *if the safety and soundness of the company would be threatened by the offering of an excess rate of interest on the policy or contract;*

(3) if it contains a provision or provisions which are unlawful, unfair, inequitable, misleading, or encourages misrepresentation of the policy; or

~~(3)~~ *(4)* if the form, or its provisions, is otherwise not in the public interest. It shall be unlawful for the company to issue any policy in the form so disapproved. If the commissioner does not within 60 days after the filing of any form, disapprove or otherwise object, the form shall be deemed approved.

For purposes of clause (2), an excess rate of interest is a rate of interest exceeding the rate of interest determined by subtracting three percentage points from Moody's corporate bond yield average as most recently available.''

Page 3, line 24, before the semicolon, insert ''*or insolvency*''

Page 4, line 33, delete ''*$300,000*'' and insert ''*$100,000*''

Page 5, line 1, delete ''*$300,000*'' and insert ''*$100,000*'' and delete ''*present value*'' and delete ''*benefits, including*''

Page 5, line 2, delete ''*or*''

Page 5, after line 2, insert:

''*(iv) $300,000 in present value of annuity benefits for annuities which are part of a structured settlement or for annuities in regard to which periodic annuity benefits, for a period of not less than the annuitant's lifetime or for a period certain of not less than ten years, have begun to be paid, on or before the date of impairment or insolvency; or*''

Page 5, line 3, delete ''*(4) and (5)*'' and insert ''*(5) and (6)*''

Page 5, line 9, delete ''*$300,000*'' and insert ''*$100,000*'' and delete ''*present*''

Page 5, line 10, delete ''*value annuity benefits,*'' and delete the second comma

Page 5, after line 11, insert:

''*(4) where no coverage limit has been specified for a covered policy or benefit, the coverage limit shall be $300,000 in present value;*''

Page 5, line 12, delete ''*(4)*'' and insert ''*(5)*''

Page 5, line 14, delete the first ''*and*'' and after ''*(iii),*'' insert ''*(iv), and clause (4),*''

Page 5, line 16, delete ''*(5)*'' and insert ''*(6)*''

Page 5, line 17, delete ''*$5,000,000*'' and insert ''*$7,500,000*''

Page 5, line 21, delete ''*$5,000,000*'' and insert ''*$7,500,000*'' in both places

Page 5, line 23, delete ''*(6)*'' and insert ''*(7)*''

Page 5, line 26, delete ''*(7)*'' and insert ''*(8)*''

Page 5, line 33, delete ''*(8)*'' and insert ''*(9)*''

Page 6, line 5, delete ''*(9)*'' and insert ''*(10)*''

Page 6, line 6, delete ''*(7) and (8)*'' and insert ''*(8) and (9)*''

Page 6, line 8, delete ''*(ii)*'' and insert ''*(iii)*'' and delete ''*(7) and (8)*'' and insert ''*(8) and (9)*''

Page 7, line 11, delete ''*providing*'' and insert ''*proving*''

Page 7, line 20, delete ''*To the extent*''

Page 7, delete line 21

Page 7, line 22, delete "*chapter,*"

Page 8, line 9, before "*Sections*" insert "*(a)*"

Page 8, after line 11, insert:

"*(b) Participants in an employer-sponsored plan, which is funded in whole or in part by a covered policy, as specified in subdivision 4, clause (3), shall only be required to verify their status as residents and the amount of money in the unallocated annuity that represents their funds. Both these matters may be verified by the employer sponsoring the plan from plan records. Payments made to a plan shall be deemed to be made on behalf of the resident participant and are not the funds of the plan, the plan trustee, or any nonresident plan participant, and to the extent of such payments, discharge the association's obligation.*"

Page 9, line 12, after "*of*" insert "*not less than*"

Page 9, line 14, after "*hardship*" insert "*such as, but not limited to, the funds being reasonably necessary to pay education, medical, home purchase, or essential living expenses,*"

Page 9, line 16, after the period, insert "*The hardship standards must also provide for an individual appeal to the board of directors in those circumstances which, while not meeting the standards approved by the commissioner, may truly be a hardship.*"

Page 11, line 2, delete "*$5,000,000*" and insert "*the liability limit*"

Page 11, line 3, before the period, insert "*specified in section 61B.19, subdivision 4*"

Page 14, line 1, after the comma, insert "*based in whole or in part on the insurer's financial inability to pay claims*"

Page 20, line 19, before the period, insert "*including, but not limited to, the power to make assessments*"

Page 24, line 5, after the period, insert "*Premiums for purposes of calculating average annual premium for calendar years prior to 1993 shall be determined in accordance with Minnesota Statutes 1992, sections 61B.01 to 61B.16.*"

Page 24, line 29, after the period, insert "*If two or more assessments are made with respect to insurers that become impaired or insolvent in different calendar years, average annual premiums for purposes of the assessment percentage limitation are based upon the higher of the three-year averages calculated under subdivision 3, paragraph (c). If an impaired insurer becomes insolvent, the date of impairment must be used to determine the assessment.*"

Page 25, line 10, after the period, insert "*If two or more assessments are made with respect to insurers that become impaired or insolvent in different calendar years, average annual premiums for purposes of the assessment percentage limitation is based upon the higher of the three-year averages calculated under subdivision 3, paragraph (c).*"

Page 25, after line 20, insert:

"*(e) If assessments under this section are inadequate to pay all obligations of the impaired insurer that are or become due and owing, then the association shall prepare a plan approved by the commissioner for prioritization of payments. If the association adopts general principles in the plan of operations, the association shall use the general principles in preparing the plan required under this paragraph. No formerly impaired or insolvent insurer may be reinstated until all payments of or on account of the insurer's contractual obligations by the guaranty association, along with all expenses thereof and interest on all such payments and expenses, shall have been repaid to the guaranty association or a plan of repayment by the insurer shall have been approved by the commissioner.*"

Page 29, line 14, delete "*take the*"

Page 29, delete line 15

Page 29, line 16, delete everything before "*Notify*"

Page 29, line 20, after the semicolon, insert "*or*"

Page 29, line 21, delete "*; or*" and insert a period

Page 29, delete lines 22 to 26

Page 29, after line 28, insert:

"*(b) If the commissioner deems it appropriate, the commissioner may:*"

Page 29, line 29, delete "*(2)*" and insert "*(1)*"

Page 29, lines 30 and 32, delete "*clause (1)*" and insert "*paragraph (a)*"

Page 29, line 36, delete "*(3)*" and insert "*(2)*"

Page 30, line 4, delete "*(4)*" and insert "*(3)*"

Page 30, after line 13, insert:

"*(4) Notify the board if the commissioner makes a formal order requiring the company to restrict its premium writing, obtain additional contributions to surplus, withdraw from this state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policyholders or creditors.*"

Page 30, line 14, delete "*(b)*" and insert "*(c)*"

Page 30, line 20, delete "*(c)*" and insert "*(d)*"

Page 30, line 27, delete "*(d)*" and insert "*(e)*"

Page 30, line 30, delete "*(e)*" and insert "*(f)*"

Page 31, line 12, delete "*(f)*" and insert "*(g)*"

Page 31, line 15, delete "*(g)*" and insert "*(h)*"

Page 31, line 24, delete "*(h)*" and insert "*(i)*"

Page 31, after line 27, insert:

"*Nothing in this section supersedes other requirements of law.*"

Page 34, line 1, delete everything after "*(a)*" and insert " *No person, including an insurer, agent, or affiliate of an insurer or agent, shall offer for*

sale in this state a covered life insurance, annuity, or health insurance policy or contract without delivering at the time of application for that policy or contract a notice in the form specified in subdivision 8, or in a form approved by the commissioner under paragraph (b), relating to coverage provided by the Minnesota Life and Health Insurance Guaranty Association. The notice may be part of the application. A copy of the notice must be given to the applicant. The notice must be delivered to the applicant at the time of application for the policy or contract, except that if the application is not taken from the applicant in person, the notice must be sent to the applicant within 72 hours after the application is taken. The person offering the policy or contract shall document the fact that the notice was given at the time of application or was sent within the specified time. This does not require that the receipt of the notice be acknowledged by the applicant.''

Page 34, delete lines 2 to 6

Page 34, line 32, delete everything after ''*(c)*'' and insert '' *A policy or contract not covered by the Minnesota Life and Health Insurance Guaranty Association or the Minnesota Insurance Guaranty Association must contain the following notice in ten-point type, stamped in red ink on the policy or contract and the application:*

''THIS POLICY OR CONTRACT IS NOT PROTECTED BY THE MINNESOTA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OR THE MINNESOTA INSURANCE GUARANTY ASSOCIATION. IN THE CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED. ONLY THE ASSETS OF THIS INSURER WILL BE AVAILABLE TO PAY YOUR CLAIM.''''

Page 34, delete lines 33 to 36

Page 35, delete lines 1 to 6

Page 35, line 7, delete everything before ''*This*''

Page 35, line 14, delete ''*who*'' and insert ''*that*''

Page 35, line 33, delete ''*$300,000*'' and insert ''*$100,000*''

Page 35, line 36, delete ''*or $300,000*'' and insert ''*$100,000*'' and delete ''*the present value of*''

Page 36, line 1, delete ''*benefits, including*''

Page 36, line 2, after ''*values*'' insert '', *$300,000 in present value of annuity benefits for annuities which are part of a structured settlement or for annuities in regard to which periodic annuity benefits, for a period of not less than the annuitant's lifetime or for a period certain of not less than ten years, have begun to be paid on or before the date of impairment or insolvency, or if no coverage limit has been specified for a covered policy or benefit, the coverage limit shall be $300,000 in present value*''

Page 36, line 6, delete ''*present value annuity benefits, including*''

Page 36, line 8, before the period, insert ''*provided, however, that the association shall not be responsible for more than $7,500,000 in claims from all Minnesota residents covered by the plan. If total claims exceed $7,500,000, the $7,500,000 shall be prorated among all claimants*''

Page 36, delete lines 35 and 36

Page 37, delete lines 1 to 6

Page 37, line 7, delete "*10*" and insert "*9*"

Page 37, line 11, delete "*9*" and insert "*8*"

Page 37, line 13, delete "*11*" and insert "*10*"

Page 37, line 15, before "*9*" insert "*or*" and delete "*, or 10*"

Page 38, delete section 16

Page 39, line 25, after "*benefit*" insert "*life insurance company*" and after "*life*" insert "*insurance company (California)*"

Page 39, lines 27 and 32, delete "*August 1, 1993*" and insert "*the effective date of this act*"

Page 39, line 33, after "*Statutes*" insert "*1992*"

Page 40, after line 1, insert:

"*Payments made to a plan shall be deemed to be made on behalf of the resident participant and are not the funds of the plan, the plan trustee, or any nonresident plan participant and to the extent of such payments, discharge the association's obligation.*"

Page 40, lines 5 and 6, delete "*August 1, 1993*" and insert "*the effective date of this act*"

Page 40, line 16, delete "*March 17, 1993*" and insert "*the effective date of this act*"

Page 40, line 17, after "*Statutes*" insert "*1992*"

Page 40, line 18, after "*insurer*" insert "*or any successor to that insurer*"

Page 40, delete lines 26 to 28

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. 1523 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Beckman	Finn	Laidig	Novak	Sams
Belanger	Frederickson	Langseth	Oliver	Samuelson
Benson, D.D.	Hanson	Larson	Olson	Solon
Benson, J.E.	Hottinger	Lesewski	Pappas	Spear
Berg	Janezich	Lessard	Pariseau	Stevens
Berglin	Johnson, D.E.	Luther	Piper	Stumpf
Bertram	Johnson, J.B.	Marty	Pogemiller	Terwilliger
Betzold	Johnston	McGowan	Price	Vickerman
Chandler	Kelly	Merriam	Ranum	Wiener
Chmielewski	Kiscaden	Mondale	Reichgott	
Cohen	Knutson	Morse	Riveness	
Day	Krentz	Murphy	Robertson	
Dille	Kroening	Neuville	Runbeck	

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. 1095 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1095: A bill for an act relating to insurance; regulating investments, assets and liabilities, and annual statements of companies; providing for continuance of coverage upon liquidation; modifying the definition of resident for purposes of the Minnesota insurance guaranty association; regulating dividends and other distributions of insurance holding company systems; regulating risk retention groups; regulating the workers' compensation assigned risk plan; enacting the NAIC model legislation; amending Minnesota Statutes 1992, sections 60A.11, subdivision 9; 60A.12, subdivision 3; 60A.13, subdivisions 1 and 6; 60A.23, subdivision 4; 60B.22, subdivision 1; 60C.03, subdivision 7; 60D.20, subdivisions 2 and 4; 60E.01; 60E.02, subdivisions 9 and 12; 60E.03; 60E.04, subdivisions 1, 2, 3, 4, 7, 8, 11, and by adding a subdivision; 60E.05; 60E.07; 60E.08; 60E.09; 60E.10; 60E.12; and 60E.13; proposing coding for new law in Minnesota Statutes, chapters 60A and 60E; repealing Minnesota Statutes 1992, sections 60A.07, subdivision 5d; 60A.12, subdivision 10; 60B.24; 60E.11; and 79.252, subdivision 1.

Mr. Luther moved to amend H.F. No. 1095, as amended pursuant to Rule 49, adopted by the Senate April 21, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1446.)

Page 18, line 26, after "*of*" insert "*earned surplus attributable to*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1095 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:

Beckman	Finn	Laidig	Novak	Runbeck
Belanger	Frederickson	Langseth	Oliver	Sams
Benson, D.D.	Hanson	Larson	Olson	Samuelson
Benson, J.E.	Hottinger	Lesewski	Pappas	Solon
Berg	Janezich	Lessard	Pariseau	Spear
Berglin	Johnson, J.B.	Luther	Piper	Stevens
Bertram	Johnston	Marty	Pogemiller	Stumpf
Betzold	Kelly	Merriam	Price	Terwilliger
Chandler	Kiscaden	Mondale	Ranum	Vickerman
Cohen	Knutson	Morse	Reichgott	Wiener
Day	Krentz	Murphy	Riveness	
Dille	Kroening	Neuville	Robertson	

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. 1436 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1436: A bill for an act relating to the environment; appropriating money from the metropolitan landfill contingency trust fund to the commissioner of the pollution control agency for reimbursement to the city of Hopkins for remediation of methane at the city landfill; amending Laws 1991, chapter 182, section 7.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 2, as follows:

Those who voted in the affirmative were:

Beckman	Day	Krentz	Murphy	Riveness
Belanger	Dille	Laidig	Neuville	Robertson
Benson, D.D.	Finn	Langseth	Novak	Runbeck
Benson, J.E.	Frederickson	Lesewski	Oliver	Sams
Berg	Hanson	Luther	Olson	Samuelson
Berglin	Hottinger	Marty	Pappas	Spear
Bertram	Janezich	McGowan	Pariseau	Stumpf
Betzold	Johnson, D.E.	Merriam	Piper	Terwilliger
Chandler	Johnson, J.B.	Moe, R.D.	Pogemiller	Vickerman
Chmielewski	Kelly	Mondale	Price	Wiener
Cohen	Kiscaden	Morse	Reichgott	

Ms. Johnston and Mr. Stevens 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 H.F. No. 1060 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1060: A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; authorizing an ethanol development program; appropriating money; amending Minnesota Statutes 1992, sections 41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions; 41B.03, subdivision 3; 41B.04, subdivision 9, and by adding a subdivision; and 41C.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 41B.

Mr. Bertram moved to amend H.F. No. 1060, the unofficial engrossment, as follows:

Page 2, after line 21, insert:

"Sec. 7. Minnesota Statutes 1992, section 41B.02, is amended by adding a subdivision to read:

Subd. 20. [ETHANOL PRODUCTION FACILITY.] *"Ethanol production facility" means a facility that ferments, distills, dewaters, or otherwise produces ethanol as defined in section 41A.09, subdivision 2, paragraph (a).*"

Page 4, after line 34, insert:

"Sec. 11. [41B.044] [ETHANOL DEVELOPMENT PROGRAM.]

Subdivision 1. [ETHANOL PRODUCTION FACILITY LOAN PROGRAM.] *The authority may establish, adopt rules for, and implement an ethanol production facility loan program to provide capital for ethanol production facilities. The program may provide for secured or unsecured loans, loan participations and loan guarantees with respect to real or personal property comprising all or part of an ethanol production facility, and the payment of costs incurred by the authority to establish and administer the program.*

Subd. 2. [ETHANOL DEVELOPMENT FUND.] *There is established in the state treasury an ethanol development fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the ethanol production facility loan program, including costs incurred by the authority to establish and administer the program.*

Subd. 3. [REVENUE BONDS.] *The authority may issue revenue bonds to finance the ethanol production facility loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by chapter 475.*

Subd. 4. [PROGRAM REQUIREMENTS.] *The requirements in this subdivision apply to the ethanol production facility loan program.*

(a) Individuals, corporations, cooperatives, partnerships, and joint ventures may participate in the program and are not required to meet the eligibility requirements of section 41B.03, subdivision 1.

(b) Program participants may be required to pay reasonable nonrefundable application fees and origination fees established by the authority by rule under section 41B.07. Application and origination fees received by the authority must be deposited in the ethanol development fund.

(c) Total assistance provided to an ethanol production facility from appropriated funds must not exceed $500,000 or a lesser amount as provided by rules relating to the program.

(d) The interest payable on loans and loan participations made by the authority must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans and loan participations funded from sources other than revenue bond proceeds must be at a rate determined by the authority."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Sams moved that H.F. No. 1060 be laid on the table. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 545 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 545: A bill for an act relating to retirement; expanding coordinated

plan survivor coverage benefits for certain public employees and teachers; amending Minnesota Statutes 1992, sections 352.01, by adding a subdivision; 352.12, subdivision 2, and by adding subdivisions; 353.01, subdivision 15, and by adding a subdivision; 353.32, subdivision 1a, and by adding subdivisions; 354.05, subdivision 8, and by adding a subdivision; 354.46, subdivisions 2, 5, and by adding subdivisions; 354A.011, by adding a subdivision; and 354A.35, subdivision 2, and by adding subdivisions.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Moe, R.D.	Reichgott
Anderson	Dille	Kroening	Mondale	Riveness
Beckman	Finn	Laidig	Morse	Sams
Belanger	Flynn	Langseth	Murphy	Samuelson
Benson, J.E.	Frederickson	Larson	Neuville	Solon
Berg	Hanson	Lesewski	Novak	Spear
Bertram	Johnson, D.E.	Lessard	Pappas	Stevens
Betzold	Johnson, D.J.	Luther	Piper	Terwilliger
Chandler	Johnson, J.B.	Marty	Pogemiller	Vickerman
Chmielewski	Johnston	McGowan	Price	Wiener
Cohen	Knutson	Merriam	Ranum	

Those who voted in the negative were:

Kiscaden	Olson	Pariseau	Robertson	Runbeck
Oliver				

So the bill passed and its title was agreed to.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Anderson moved that the following members be excused for a Conference Committee on H.F. No. 795 at 5:00 p.m.:

Ms. Anderson, Messrs. Chandler and Knutson. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1247 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1247: A bill for an act relating to motor vehicles; establishing automobile theft prevention program and creating board; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 168A.

Mr. Riveness moved to amend H.F. No. 1247, as amended pursuant to Rule 49, adopted by the Senate May 11, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 867.)

Pages 3 and 4, delete section 2

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. 1247 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Riveness
Anderson	Flynn	Laidig	Neuville	Runbeck
Beckman	Frederickson	Langseth	Novak	Sams
Belanger	Hanson	Larson	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Spear
Bertram	Johnson, D.E.	Lessard	Pappas	Stevens
Betzold	Johnson, D.J.	Luther	Pariseau	Stumpf
Chandler	Johnson, J.B.	Marty	Piper	Terwilliger
Chmielewski	Johnston	McGowan	Pogemiller	Wiener
Cohen	Kelly	Moe, R.D.	Price	
Day	Knutson	Mondale	Ranum	
Dille	Krentz	Morse	Reichgott	

Mr. Merriam 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 H.F. No. 1107 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1107: A bill for an act relating to waters; establishing a small craft harbors program for Lake Superior; stating powers and duties of the commissioner of natural resources and local authorities in respect thereto; proposing coding for new law in Minnesota Statutes, chapter 86A.

Mr. Stevens moved to amend H.F. No. 1107, as amended pursuant to Rule 49, adopted by the Senate May 5, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1467.)

Page 1, line 15, before the period, insert "*, and recognizes and accepts privately owned marinas that are in concert with and meet the requirements of the plan*"

Page 2, line 17, before the semicolon, insert "*and may establish cooperative arrangements with privately owned marinas to develop facilities and services in concert with the North Shore Harbors Plan. Technical and professional assistance may be provided within available resources*"

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

Mr. Johnson, D.J. moved to amend H.F. No. 1107, as amended pursuant to Rule 49, adopted by the Senate May 5, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1467.)

Page 1, line 13, delete "*as amended*"

Page 1, line 14, delete "*March 2, 1993,*" and after "*relative*" insert "*only*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1107 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Morse	Robertson
Beckman	Flynn	Langseth	Murphy	Runbeck
Belanger	Frederickson	Larson	Neuville	Sams
Benson, D.D.	Hanson	Lesewski	Olson	Samuelson
Benson, J.E.	Janezich	Lessard	Pappas	Solon
Berg	Johnson, D.E.	Luther	Pariseau	Spear
Bertram	Johnson, D.J.	Marty	Piper	Stevens
Betzold	Johnson, J.B.	McGowan	Pogemiller	Stumpf
Chmielewski	Johnston	Merriam	Price	Terwilliger
Cohen	Kelly	Metzen	Ranum	Vickerman
Day	Krentz	Moe, R.D.	Reichgott	Wiener
Dille	Kroening	Mondale	Riveness	

Mr. Oliver voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1709, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1709 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as it relates to the Conference Committee report on H.F. No. 1709. The motion prevailed.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1709

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; fixing and limiting accounts and fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.22, subdivision 1; 174.02, by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota

Statutes, chapter 161; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026.

May 13, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1709, 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. 1709 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 "1993," "1994," and "1995," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	$630,000	$ 74,582,000	$ 66,851,000	$ 142,063,000
Airports	385,000	16,884,000	15,681,000	32,950,000
C.S.A.H.		246,890,000	247,890,000	494,780,000
Environmental		240,000	240,000	480,000
Highway User		11,551,000	11,458,000	23,009,000
M.S.A.S.		71,990,000	71,990,000	143,980,000
Special Revenue		1,252,000	1,252,000	2,504,000
Trunk Highway		754,472,000	760,022,000	1,514,494,000
Transfers to Other Direct		(2,398,000)	(2,346,000)	(4,744,000)
TOTAL	1,015,000	1,173,767,000	1,174,734,000	2,349,516,000

		APPROPRIATIONS Available for the Year Ending June 30	
		1994	1995
Sec. 2. TRANSPORTATION			
Subdivision 1. Total Appropriation	385,000	1,036,111,000	1,040,203,000

The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund

General		11,659,000	9,192,000
Airports	385,000	16,884,000	15,681,000
C.S.A.H.		246,890,000	247,890,000
Environmental		200,000	200,000
M.S.A.S.		71,990,000	71,990,000
Trunk Highway		688,488,000	695,250,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Aeronautics	385,000	16,692,000	15,487,000

This appropriation is from the state airports fund.

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

(a) Airport Development and Assistance

1993	1994	1995
385,000	11,005,000	10,841,000

$385,000 is appropriated for fiscal year 1993 from the state airports fund, to be used in conjunction with funds provided by the Canadian government for airport construction at the Piney-Pine Creek Border Airport, and is available until the project is either completed or abandoned.

$1,887,000 the first year and $2,146,000 the second year are for navigational aids.

$6,810,000 the first year and $6,387,000 the second year are for airport construction grants.

$2,100,000 the first year and $2,100,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

$8,000 the first year and $8,000 the second year are for maintenance of the Pine Creek Airport.

$200,000 the first year and $200,000 the second year are for air service grants.

(b) Civil Air Patrol

65,000 65,000

(c) Aeronautics Administration

5,622,000 4,581,000

Of the appropriation for the first year, $1,200,000 is for the purchase of an office building to house the office of aeronautics.

$15,000 the first year and $15,000 the second year are for the advisory council on metropolitan airport planning. The commissioner of transportation shall transfer these funds to the legislative coordinating commission by July 15 of each year.

Subd. 3. Transit 11,537,000 9,089,000

Summary by Fund

General	11,239,000	8,789,000
Trunk Highway	298,000	300,000

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

(a) Greater Minnesota Transit Assistance

10,644,000 8,394,000

This appropriation is from the general fund.

(b) Transit Administration

693,000 695,000

Summary by Fund

General	395,000	395,000
Trunk Highway	298,000	300,000

(c) Light Rail Transit

200,000

This appropriation is from the general fund and is to match federal funds for the planning and design of a metropolitan light rail transit system. This amount is available only if Hennepin county provides $400,000 and Ramsey county provides $200,000 to the commissioner of transportation for this purpose.

Subd. 4. Railroads and Waterways

1,134,000 1,134,000

Summary by Fund

General	241,000	241,000
Trunk Highway	893,000	893,000

Subd. 5. Motor Carrier Regulation

2,177,000 2,177,000

Summary by Fund

General	107,000	107,000
Trunk Highway	2,070,000	2,070,000

Subd. 6. Local Roads

319,950,000 320,950,000

Summary by Fund

C.S.A.H.	246,890,000	247,890,000
M.S.A.S.	71,990,000	71,990,000
Trunk Highway	1,070,000	1,070,000

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

(a) County State Aids

246,890,000 247,890,000

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

(b) Municipal State Aids

71,990,000 71,990,000

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

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on ways and means of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(c) State Aid Technical Assistance

1,070,000 1,070,000

Subd. 7. State Road Construction 360,961,000 363,335,000

Summary by Fund

Environmental	200,000	200,000
Trunk Highway	360,761,000	363,135,000

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

(a) State Road Construction

338,295,000 337,863,000

Summary by Fund

Environmental	200,000	200,000
Trunk Highway	338,095,000	337,663,000

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

185,000,000 185,000,000

Highway User Taxes

153,095,000 152,663,000

The commissioner of transportation shall notify the chair of the committee on finance of the senate and chair of the committee on ways and means of the house of representatives promptly of any events that should cause these estimates to change.

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

(b) Highway Debt Service

14,380,000 17,186,000

$14,380,000 the first year and $12,486,000 the second year are for transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on ways and means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

(c) Highway Program Administration

2,042,000 2,042,000

$243,000 the first year and $243,000 the second year are available for grants for transportation studies outside the metropolitan area for transportation studies to identify critical concerns, problems, and issues. These grants are available to (1) regional development commissions, and (2) in regions where no regional development commission is functioning, joint-powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission.

$180,000 the first year and $180,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

(d) Transportation Data Analysis

3,279,000 3,279,000

(e) Research and Strategic Initiatives

2,965,000 2,965,000

$75,000 the first year and $75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 8. Highway Program Delivery 115,223,000 115,268,000

(a) Design Engineering

50,493,000 50,538,000

(b) Construction Engineering

64,730,000 64,730,000

Subd. 9. State Road Operations 167,580,000 171,950,000

Summary by Fund

Trunk Highway	167,554,000	171,941,000
General	26,000	9,000

(a) State Road Operations

157,994,000 162,381,000

(b) Electronic Communications

3,365,000 3,348,000

Summary by Fund

General	26,000	9,000
Trunk Highway	3,339,000	3,339,000

$26,000 the first year and $9,000 the second year are for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

(c) Traffic Engineering

6,221,000 6,221,000

Subd. 10. Equipment 15,493,000 15,493,000

Summary by Fund

General	5,000	5,000
Airports	59,000	59,000
Trunk Highway	15,429,000	15,429,000

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

Subd. 11. General Administration 25,364,000 25,320,000

Summary by Fund

General	41,000	41,000
Airports	133,000	135,000
Trunk Highway	25,190,000	25,144,000

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

(a) General Management

15,022,000 15,022,000

(b) General Services

8,718,000 8,672,000

Summary by Fund

General	41,000	41,000
Airports	75,000	75,000
Trunk Highway	8,602,000	8,556,000

$2,045,000 the first year and $2,045,000 the second year are for data processing development. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The commissioner of transportation shall manage the department of transportation in such a manner as to provide seasonal employees of the department with the maximum feasible amount of employment security consistent with the efficient delivery of department programs.

(c) Legal Services

1,566,000 1,566,000

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

(d) Air Transportation Services

58,000 60,000

This appropriation is from the state airports fund.

Subd. 12. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports

fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on ways and means of the house of representatives.

Subd. 13. Contingent Appropriation

The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, or to trunk highway maintenance in order to meet an emergency, or to pay tort or environmental claims. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 3. REGIONAL TRANSIT BOARD

Subdivision 1. Total Appropriation	32,792,000	27,891,000

Subd. 2. Regular Route

15,492,000 12,307,000

Of this amount, $14,692,000 the first year and $12,307,000 the second year are for the metropolitan transit commission. The regional transit board must not reduce this appropriation to the metropolitan transit commission.

Subd. 3. Metro Mobility

13,800,000 12,974,000

The regional transit board must not spend any money for metro mobility outside this appropriation.

Subd. 4. Community Based and Agency Costs

3,500,000 2,610,000

Sec. 4. TRANSPORTATION REGULATION BOARD	705,000	707,000

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total Appropriation	630,000	104,796,000	103,178,000

Summary by Fund

	1993	1994	1995
General	630,000	30,064,000	29,701,000
Highway User		11,426,000	11,333,000
Special Revenue		1,252,000	1,252,000
Trunk Highway		64,412,000	63,198,000
Environmental		40,000	40,000
Transfers to Other Direct		(2,398,000)	(2,346,000)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions:

Subd. 2. Administration and Related Services

4,640,000	4,473,000

Summary by Fund

General	552,000	522,000
Highway User	19,000	19,000
Trunk Highway	4,069,000	3,932,000

$326,000 the first year and $326,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 3. State Patrol

43,781,000	42,214,000

Summary by Fund

General	389,000	389,000
Highway User	90,000	90,000
Trunk Highway	43,302,000	41,735,000

During the biennium ending June 30, 1995, no more than five positions, excluding the chief patrol officer, in the state patrol support activity may be filled by state troopers.

During the biennium ending June 30,

1995, the commissioner may purchase other motor fuel when gasohol is not available for the operation of state patrol vehicles.

The state patrol shall not reduce the hours of operation or the level of service at the Saginaw, Worthington, and Erskine weigh stations. The Moorhead weigh station shall be opened by January 31, 1995.

Subd. 4. Driver and Vehicle Services

29,680,000 30,058,000

Summary by Fund

General	3,567,000	3,534,000
Highway User	10,152,000	10,074,000
Trunk Highway	15,905,000	16,394,000
Special Revenue	56,000	56,000

The appropriation from the special revenue fund is from the bicycle transportation account.

$43,000 the first year and $43,000 the second year are transferred to the commissioner of human services for reimbursement for chemical use assessments of juveniles under Minnesota Statutes, section 260.151.

Subd. 5. Traffic Safety

223,000 223,000

Summary by Fund

General	61,000	61,000
Trunk Highway	162,000	162,000

Subd. 6. Pipeline Safety

736,000 736,000

This appropriation is from the pipeline safety account in the special revenue fund.

Subd. 7. Emergency Management

630,000 2,005,000 1,941,000

Summary by Fund

General	630,000	1,965,000	1,901,000
Environmental		40,000	40,000

Subd. 8. Criminal Apprehension

14,647,000 14,461,000

Summary by Fund

General	13,213,000	13,026,000
Special Revenue	460,000	460,000
Trunk Highway	974,000	975,000

$200,000 the first year and $200,000 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

$366,000 the first year and $366,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for laboratory activities.

$94,000 the first year and $94,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$25,000 in fiscal year 1994 and $25,000 in fiscal year 1995 are appropriated from the general fund to the commissioner of public safety to reimburse local correctional agencies for costs incurred to comply with section 29.

Of this appropriation, $110,000 in fiscal year 1994 and $101,000 in fiscal year 1995 are for the implementation of the seven-day fingerprint identification service.

Of this appropriation, $175,000 in fiscal year 1994 and $152,000 in fiscal year 1995 are for the costs of addressing workload increases in maintaining the BCA's computerized criminal history data system.

Of this appropriation, $129,000 in fiscal year 1994 and $99,000 in fiscal year 1995 are for the costs of addressing workload increases in maintaining the

criminal justice data communications network.

Of this appropriation, $125,000 is for the development of a community data model for state, county, and local criminal justice information systems.

$50,000 in fiscal year 1994 and $47,000 in fiscal year 1995 are appropriated from the general fund for transfer to the supreme court for the costs of addressing workload increases in maintaining the supreme court information system.

Subd. 9. Fire Marshal

2,495,000 2,481,000

Subd. 10. Capitol Security

1,420,000 1,420,000

Subd. 11. Liquor Control

636,000 636,000

Subd. 12. Gambling Enforcement

1,131,000 1,133,000

Subd. 13. Drug Policy and Violence Prevention

1,494,000 1,494,000

Of this appropriation, $852,000 in each year of the biennium is to be distributed by the commissioner, after consulting with the chemical abuse prevention resource council, as follows:

$66,000 each year to support the work of the chemical abuse prevention resource council. These funds may not be spent until the council's recommendation concerning the planned expenditures has been submitted to and considered by the commissioner of public safety;

$174,000 each year to the commissioner of health to implement work plans regarding fetal alcohol syndrome research, training, public outreach, and policy development. These funds may not be spent until the council's recommendation concerning the planned expenditures has been submitted to and considered by the commissioner of health; and

$612,000 each year to the commissioner of human services. These funds may not be spent until the council's recommendation concerning the planned expenditures has been submitted to and considered by the commissioner of human services. Of this amount, $100,000 shall be used to develop a chemical health index model as required by Minnesota Statutes 1992, section 299A.325, or other law; $75,000 shall be used to encourage treatment programs to expand their diagnostic methods and treatment scope to treat individuals using combined mental health and chemical dependency programs; $75,000 is for treatment programs for pregnant women and women with children; $75,000 is for treatment programs for chemically dependent children from ages six to 12; and $287,000 is for treatment programs for high-risk youth under Minnesota Statutes 1992, section 254A.14, subdivision 3.

Subd. 14. Crime Victims Services

1,835,000 1,835,000

Notwithstanding any other law to the contrary, the crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments.

In no case shall the total awards exceed the appropriation made in this subdivision.

Subd. 15. Crime Victims Ombudsman

73,000 73,000

Subd. 16. Deficiency Appropriation

$630,000 is appropriated from the general fund to the commissioner of public safety for fiscal year 1993. Of this appropriation, $545,000 is to match federal funds, for tornado damage in Southwestern Minnesota as provided by Presidential Disaster Declaration DSR946, awarded on June 22, 1992, and $85,000 is to match federal funds for winter storm damage as provided by Presidential Disaster Declaration DSR929, awarded December 26, 1991.

Subd. 17. Transfers

The commissioner of public safety may transfer unencumbered balances among the programs specified in this section after getting the approval of the commissioner of finance. The commissioner of finance shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the house of representatives ways and means committee.

Subd. 18. Reimbursements

(a) $1,233,000 the first year and $1,196,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1994, and January 1, 1995, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) $449,000 the first year and $434,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1994, and January 1, 1995, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.

(c) $716,000 the first year and $716,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1994, and January 1, 1995, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Sec. 6. PRIVATE DETECTIVE AND PROTECTIVE AGENT SERVICES BOARD			67,000	67,000
Sec. 7. MINNESOTA SAFETY COUNCIL			67,000	67,000
This appropriation is from the trunk highway fund.				
Sec. 8. GENERAL CONTINGENT ACCOUNTS			325,000	325,000
The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.				
If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.				
Summary by Fund				
Trunk Highway Fund	200,000	200,000		
Highway User Tax Distribution Fund	125,000	125,000		
Sec. 9. TORT CLAIMS			600,000	600,000
To be spent by the commissioner of finance.				
This appropriation is from the trunk highway fund.				
If the appropriation for either year is insufficient, the appropriation for the other year is available for it.				
Sec. 10. UNCODIFIED LANGUAGE				
All uncodified language contained in sections 1 to 9 expires on June 30, 1995, unless a different expiration is explicit.				

Sec. 11. [EFFECTIVE DATE FOR 1993 APPROPRIATIONS.]

Any appropriation in this act for fiscal year 1993 is effective the day following final enactment.

Sec. 12. [STONE ARCH BRIDGE; REVERSION.]

Notwithstanding any law to the contrary, any provision in a deed of conveyance of legal title to the James J. Hill stone arch bridge from Hennepin county to the commissioner of transportation that provides for reversion of the bridge to the county is void.

Sec. 13. Laws 1992, chapter 513, article 3, section 77, is amended to read:

Sec. 77. [STONE ARCH BRIDGE.]

Notwithstanding any other law to the contrary, the board of Hennepin county commissioners, in its capacity as the county board or as the Hennepin county regional rail authority, shall transfer legal title to the James J. Hill stone arch bridge to the commissioner of transportation for a consideration of $1,001. ~~The deed of conveyance shall provide for reversion of the property to the county in the event the county has need of the bridge for light rail transit.~~ *The commissioner shall by order prohibit use of the bridge by motorized traffic, except that the commissioner may permit use of the bridge by the following vehicles if the commissioner determines that such use will not adversely affect the design of the bridge: (1) vehicles used exclusively to transport persons with physical disabilities; (2) maintenance vehicles; and (3) a low-speed, motorized, rubber-tire bus that crosses the bridge not more than ten times each day.*

Sec. 14. Minnesota Statutes 1992, section 11A.21, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATION OF HIGHWAY FUNDS.] The commissioner of transportation shall certify to the state board those portions of *the highway user tax distribution fund established pursuant to article XIV, section 5 of the Constitution of the state of Minnesota;* the trunk highway fund established pursuant to article XIV, section 6 of the Constitution of the state of Minnesota~~,~~*;* the county state-aid highway fund established pursuant to article XIV, section 7 of the Constitution of the state of Minnesota*;* and the municipal state-aid street fund established pursuant to article XIV, section 8 of the Constitution of the state of Minnesota, which in the judgment of the commissioner are not required for immediate use.

Sec. 15. Minnesota Statutes 1992, section 161.081, is amended to read:

161.081 [HIGHWAY USER TAX, DISTRIBUTION ~~OF PORTION OF PROCEEDS~~, *INVESTMENT.*]

Subdivision 1. [DISTRIBUTION OF FIVE PERCENT.] Pursuant to article 14, section 5, of the constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned as follows:

(1) 28 percent to the trunk highway fund;

(2) 64 percent to a separate account in the county state-aid highway fund to be known as the county turnback account, which account in the state treasury is hereby created;

(3) 8 percent to a separate account in the municipal state-aid street fund to be known as the municipal turnback account, which account in the state treasury is hereby created.

Subd. 2. [INVESTMENT.] *Upon the request of the commissioner, money in the highway user tax distribution fund shall be invested by the state board of investment in those securities authorized for that purpose in section 11A.21. All interest and profits from the investments must be credited to the highway user tax distribution fund. The state treasurer shall be the custodian of all securities purchased under this section.*

Sec. 16. Minnesota Statutes 1992, section 161.39, is amended by adding a subdivision to read:

Subd. 5b. [REIMBURSEMENT FOR SERVICES.] *The office of electronic communication in the department of transportation may perform work for other state agencies and, to the extent that these services are performed beyond the level for which money was appropriated, may deposit revenue generated from this source as dedicated receipts to the account from which it was spent.*

Sec. 17. Minnesota Statutes 1992, section 168.345, is amended by adding a subdivision to read:

Subd. 3. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] *The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning motor vehicle registrations. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.*

Sec. 18. Minnesota Statutes 1992, section 169.121, subdivision 7, is amended to read:

Subd. 7. [LICENSE REVOCATION; COURT PROCEDURES.] On behalf of the commissioner of public safety a court shall serve notice of revocation on a person convicted of a violation of this section unless the commissioner has already revoked the person's driving privileges or served the person with a notice of revocation for a violation of section 169.123 arising out of the same incident. ~~The court shall take the license or permit of the driver, if any, or obtain a sworn affidavit stating that the license or permit cannot be produced, and send it to the commissioner with a record of the conviction and issue a temporary license effective only for the period during which an appeal from the conviction may be taken. No person who is without driving privileges at the time shall be issued a temporary license and any temporary license issued shall bear the same restrictions and limitations as the driver's license or permit for which it is exchanged.~~

~~The commissioner shall issue additional temporary licenses until the final determination of whether there shall be a revocation under this section.~~

The court shall invalidate the driver's license or permit in such a way that no identifying information is destroyed.

Sec. 19. Minnesota Statutes 1992, section 169.123, subdivision 5a, is amended to read:

Subd. 5a. [PEACE OFFICER AGENT FOR NOTICE OF REVOCATION OR DISQUALIFICATION.] On behalf of the commissioner of public safety a peace officer requiring a test or directing the administration of a chemical test shall serve immediate notice of intention to revoke and of revocation on a person who refuses to permit a test or on a person who submits to a test the results of which indicate an alcohol concentration of 0.10 or more. On behalf of the commissioner of public safety, a peace officer requiring a test or directing the administration of a chemical test of a person driving, operating, or in physical control of a commercial motor vehicle shall serve immediate notice of intention to disqualify and of disqualification on a person who

refuses to permit a test, or on a person who submits to a test the results of which indicate an alcohol concentration of 0.04 or more. The officer shall *either:*

(1) take the *driver's* license or permit ~~of the driver~~, if any, ~~and issue a temporary license effective only for seven days. The peace officer shall~~ send ~~the person's driver's license~~ *it* to the commissioner of public safety along with the certificate required by subdivision 4, *and issue a temporary license effective only for seven days; or*

(2) invalidate the driver's license or permit in such a way that no identifying information is destroyed.

Sec. 20. Minnesota Statutes 1992, section 171.02, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No person, except those hereinafter expressly exempted, shall drive any motor vehicle upon any street or highway in this state unless such person has a license valid under the provisions of this chapter for the type or class of vehicle being driven. No person shall receive a driver's license unless and until the ~~person surrenders to the department all valid driver's licenses in possession issued to the person by any other jurisdiction. All surrendered licenses shall be returned~~ *person's license from any jurisdiction has been invalidated* by the department. *The department shall provide* to the issuing department ~~together with~~ *of any jurisdiction,* information that *the* licensee is now licensed in ~~new jurisdiction~~ *Minnesota*. No person shall be permitted to have more than one valid driver's license at any time. No person *to whom a current Minnesota identification card has been issued* may receive a driver's license, other than an instruction permit or a limited license, unless the ~~person surrenders to the department any~~ *person's* Minnesota identification card ~~issued to the person under section 171.07, subdivision 3~~ *has been invalidated by the department.*

Sec. 21. Minnesota Statutes 1992, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver License	~~C $15~~ *C-$18.50*	~~CC $19~~ *CC-$22.50*	~~B $26~~ *B-$29.50*	~~A $34~~ *A-$37.50*
Classified Under 21 D.L.	~~C $15~~ *C-$18.50*	~~CC $19~~ *CC-$22.50*	~~B $26~~ *B-$29.50*	~~A $14~~ *A-$17.50*
Instruction Permit				~~$6~~ *9.50*
Duplicate Driver or Under 21 License				~~$4.50~~ *$8.00*
Minnesota identification card, except as otherwise provided in section 171.07, subdivisions 3 and 3a				~~$9~~ *$12.50*

Sec. 22. Minnesota Statutes 1992, section 171.06, subdivision 4, is amended to read:

Subd. 4. [APPLICATION, FILING; *FEE RETAINED FOR EXPENSES.*] Any applicant for an instruction permit, a driver's license, restricted license, or duplicate license may file an application with a court administrator of the district court or at a state office. The administrator or state office shall receive

and accept the application. To cover all expenses involved in receiving, accepting, or forwarding to the department applications and fees, the court administrator of the district court may retain a county fee of ~~$1~~ *$3.50* for each application for a Minnesota identification card, instruction permit, duplicate license, driver license, or restricted license. The amount allowed to be retained by the court administrator of the district court shall be paid into the county treasury and credited to the general revenue fund of the county. Before the end of the first working day following the final day of an established reporting period, the court administrator shall forward to the department all applications and fees collected during the reporting period, less the amount herein allowed to be retained for expenses. The court administrators of the district courts may appoint agents to assist in accepting applications, but the administrators shall require every agent to forward to the administrators by whom the agent is appointed all applications accepted and fees collected by the agent, except that an agent may retain ~~one-half of~~ the ~~$1~~ county fee to cover the agent's expenses involved in receiving, accepting or forwarding the applications and fees. The court administrators shall be responsible for the acts of agents appointed by them and for the forwarding to the department of all applications accepted and those fees collected by agents and by themselves as are required to be forwarded to the department.

Sec. 23. Minnesota Statutes 1992, section 171.07, is amended by adding a subdivision to read:

Subd. 9. [IMPROVED SECURITY.] *The commissioner shall develop new drivers' licenses and identification cards, to be issued beginning January 1, 1994, that must be as impervious to alteration as is reasonably practicable in their design and quality of material and technology. The driver's license security laminate shall be made from materials not readily available to the general public. The design and technology employed must enable the driver's license and identification card to be subject to two or more methods of visual verification capable of clearly indicating the presence of tampering or counterfeiting. The driver's license and identification card must not be susceptible to reproduction by photocopying or simulation and must be highly resistant to data or photograph substitution and other tampering.*

Sec. 24. Minnesota Statutes 1992, section 171.11, is amended to read:

171.11 [CHANGE OF DOMICILE OR NAME.]

When any person, after applying for or receiving a driver's license, shall change permanent domicile from the address named in such application or in the license issued to the person, or shall change a name by marriage or otherwise, such person shall, within 30 days thereafter, ~~make application~~ *apply* for a duplicate driver's license upon a form furnished by the department~~; such~~ *and pay the required fee. The* application or duplicate license shall show both the licensee's old address and new address or the former name and new name as the case may be. ~~Such application for a duplicate license, upon change of address or change of name, shall be accompanied by all certificates of driver's license then in the possession of the applicant together with the required fee.~~

Sec. 25. Minnesota Statutes 1992, section 171.12, is amended by adding a subdivision to read:

Subd. 8. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] *The commissioner shall impose a surcharge of 25 cents on each fee charged*

by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning driver's license and Minnesota identification card applicants. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 26. Minnesota Statutes 1992, section 171.22, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS.] With regard to any driver's license, including a commercial driver's license, it shall be unlawful for any person:

(1) to display, cause or permit to be displayed, or have in possession, any:

(i) canceled, revoked, or suspended driver's license;

(ii) driver's license for which the person has been disqualified; or

(iii) fictitious or fraudulently altered driver's license or Minnesota identification card;

(2) to lend the person's driver's license or Minnesota identification card to any other person or knowingly permit the use thereof by another;

(3) to display or represent as one's own any driver's license or Minnesota identification card not issued to that person;

~~(4) to fail or refuse to surrender to the department, upon its lawful demand, any driver's license or Minnesota identification card which has been suspended, revoked, canceled, or for which the holder has been disqualified;~~

~~(5)~~ to use a fictitious name or date of birth to any police officer or in any application for a driver's license or Minnesota identification card, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a fraud in any such application;

~~(6)~~ *(5)* to alter any driver's license or Minnesota identification card;

~~(7)~~ *(6)* to take any part of the driver's license examination for another or to permit another to take the examination for that person;

~~(8)~~ *(7)* to make a counterfeit driver's license or Minnesota identification card; or

~~(9)~~ *(8)* to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer.

Sec. 27. Minnesota Statutes 1992, section 171.26, is amended to read:

171.26 [MONEY CREDITED TO FUNDS.]

All money received under ~~the provisions of~~ this chapter ~~shall~~ *must* be paid into the state treasury ~~with 90 percent of such money~~ *and* credited to the trunk highway fund, ~~and ten percent credited to the general fund,~~ except as provided in sections 171.06, subdivision 2a; *171.12, subdivision 8;* and 171.29, subdivision 2, *paragraph (b).*

Sec. 28. Minnesota Statutes 1992, section 174.02, is amended by adding a subdivision to read:

Subd. 6. [AGREEMENTS.] *To facilitate the implementation of intergovernmental efficiencies, effectiveness, and cooperation, and to promote and encourage economic and technological development in transportation matters within and between governmental and nongovernmental entities:*

(a) The commissioner may enter into agreements with other governmental or nongovernmental entities for research and experimentation; for sharing facilities, equipment, staff, data, or other means of providing transportation-related services; or for other cooperative programs that promote efficiencies in providing governmental services or that further development of innovation in transportation for the benefit of the citizens of Minnesota.

(b) In addition to funds otherwise appropriated by the legislature, the commissioner may accept and spend funds received under any agreement authorized in paragraph (a) for the purposes set forth in that paragraph, subject to a report of receipts to the commissioner of finance at the end of each fiscal year and, if receipts from the agreements exceed $100,000 in a fiscal year, the commissioner shall also notify the governor and the committee on finance of the senate and the committee on ways and means of the house of representatives.

(c) Funds received under this subdivision must be deposited in the special revenue fund and are appropriated to the commissioner for the purposes set forth in this subdivision.

Sec. 29. Minnesota Statutes 1992, section 241.021, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner shall annually review the correctional facilities described in this subdivision, except as otherwise provided herein, to determine compliance with the minimum standards established pursuant to this subdivision. The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the interests and well-being of the persons detained or confined therein are protected. The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons detained or confined in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner. *The commissioner may require that any*

or all such information be provided through the department of corrections detention information system.

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.

Sec. 30. Minnesota Statutes 1992, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [~~EXCEPTIONS FOR~~ TRANSIT ~~AND ALTERNATIVE FUELS~~ *SYSTEMS EXEMPT.*] The provisions of subdivision 1 do not apply to ~~(1)~~ gasoline purchased by a transit system receiving financial assistance under section 174.24 or 473.384~~, or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit~~.

Sec. 31. Minnesota Statutes 1992, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [~~EXCEPTIONS FOR~~ TRANSIT ~~AND ALTERNATIVE FUELS~~ *SYSTEMS EXEMPT.*] The provisions of subdivision 1 do not apply to ~~(1)~~ special fuel purchased by a transit system receiving financial assistance under section 174.24 or 473.384~~, or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit~~.

Sec. 32. Minnesota Statutes 1992, section 299C.10, is amended to read:

299C.10 [IDENTIFICATION DATA.]

Subdivision 1. [LAW ENFORCEMENT DUTY.] It is hereby made the duty of the sheriffs of the respective counties and of the police officers in cities of the first, second, and third classes, under the direction of the chiefs of police in such cities, to take or cause to be taken immediately finger and thumb prints, photographs, and such other identification data as may be requested or required by the superintendent of the bureau; of all persons arrested for a felony, gross misdemeanor, of all juveniles committing felonies as distinguished from those committed by adult offenders, of all persons reasonably believed by the arresting officer to be fugitives from justice, of all persons in whose possession, when arrested, are found concealed firearms or other dangerous weapons, burglar tools or outfits, high-power explosives, or articles, machines, or appliances usable for an unlawful purpose and reasonably believed by the arresting officer to be intended for such purposes, and within 24 hours thereafter to forward such fingerprint records and other identification data on such forms and in such manner as may be prescribed by the superintendent of the bureau of criminal apprehension.

Subd. 2. [LAW ENFORCEMENT EDUCATION.] *The sheriffs and police officers who take finger and thumb prints must obtain training in the proper methods of taking and transmitting finger prints under this section consistent with bureau requirements.*

Subd. 3. [BUREAU DUTY.] *The bureau must enter in the criminal records system finger and thumb prints within five working days after they are received under this section.*

Sec. 33. [299C.65] [CRIMINAL AND JUVENILE JUSTICE INFORMATION POLICY GROUP.]

Subdivision 1. [ESTABLISHING GROUP.] *The criminal and juvenile information policy group consists of the chair of the sentencing guidelines commission, the commissioner of corrections, the commissioner of public safety, and the state court administrator.*

The policy group shall study and make recommendations to the governor, the supreme court, and the legislature on:

(1) a framework for integrated criminal justice information systems, including the development and maintenance of a community data model for state, county, and local criminal justice information;

(2) the responsibilities of each entity within the criminal and juvenile justice systems concerning the collection, maintenance, dissemination, and sharing of criminal justice information with one another;

(3) actions necessary to ensure that information maintained in the criminal justice information systems is accurate and up-to-date;

(4) the development of an information system containing criminal justice information on felony-level juvenile offenders that is part of the integrated criminal justice information system framework;

(5) the development of an information system containing criminal justice information on misdemeanor arrests, prosecutions, and convictions that is part of the integrated criminal justice information system framework;

(6) comprehensive training programs and requirements for all individuals in criminal justice agencies to ensure the quality and accuracy of information in those systems;

(7) continuing education requirements for individuals in criminal justice agencies who are responsible for the collection, maintenance, dissemination, and sharing of criminal justice data;

(8) a periodic audit process to ensure the quality and accuracy of information contained in the criminal justice information systems;

(9) the equipment, training, and funding needs of the state and local agencies that participate in the criminal justice information systems;

(10) the impact of integrated criminal justice information systems on individual privacy rights; and

(11) the impact of proposed legislation on the criminal justice system, including any fiscal impact, need for training, changes in information systems, and changes in processes.

Subd. 2. [REPORT.] *The policy group shall file an annual report with the governor, supreme court, and legislature by December 1 of each even-numbered year.*

The report must make recommendations concerning any legislative changes or appropriations that are needed to ensure that the criminal justice information systems operate accurately and efficiently. To assist them in developing their recommendations, the chair, the commissioners, and the administrator shall appoint a task force consisting of the members of the criminal and juvenile justice information policy group or their designees and the following additional members:

(1) the director of the office of strategic and long-range planning;

(2) two sheriffs recommended by the Minnesota sheriffs association;

(3) two police chiefs recommended by the Minnesota chiefs of police association;

(4) two county attorneys recommended by the Minnesota county attorneys association;

(5) two city attorneys recommended by the Minnesota league of cities;

(6) two public defenders appointed by the board of public defense;

(7) two district judges appointed by the conference of chief judges, one of whom is currently assigned to the juvenile court;

(8) two community corrections administrators recommended by the Minnesota association of counties, one of whom represents a community corrections act county;

(9) two probation officers;

(10) two public members, one of whom has been a victim of crime;

(11) two court administrators;

(12) two members of the house of representatives appointed by the speaker of the house; and

(13) two members of the senate appointed by the majority leader.

Subd. 3. [CONTINUING EDUCATION PROGRAM.] *The criminal and juvenile information policy group shall explore the feasibility of developing and implementing a continuing education program for state, county, and local criminal justice information agencies. The policy group shall consult with representatives of public and private post-secondary institutions in determining the most effective manner in which the training shall be provided. The policy group shall include recommendations in the 1994 report to the legislature.*

Subd. 4. [CRIMINAL CODE NUMBERING SCHEME.] *The policy group shall study and make recommendations on a structured numbering scheme for the criminal code to facilitate identification of the offense and the elements of the crime and shall include recommendations in the 1994 report to the legislature.*

Sec. 34. [REPEALER.]

Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026 are repealed."

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; modifying funds; creating a justice information policy group; providing for regulation of certain activities and practices; increasing fees; amending Minnesota Statutes 1992, sections 11A.21, subdivision 1; 161.081; 161.39, by adding a subdivision; 168.345, by adding a subdivision; 169.121, subdivision 7; 169.123, subdivision 5a; 171.02, subdivision 1; 171.06, subdivisions 2 and 4; 171.07, by adding a subdivision; 171.11; 171.12, by adding a subdivision; 171.22, subdivision 1; 171.26; 174.02, by adding a subdivision; 241.021, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; and 299C.10; Laws 1992, chapter 513, article 3, section 77; proposing coding for new law in Minnesota Statutes, chapter 299C; repealing Minnesota Statutes 1992, sections 171.20, subdivision 1; 296.01, subdivision 4; and 296.026."

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

House Conferees: (Signed) James I. Rice, Carlos Mariani, Andy Steensma, John J. Sarna, Bernard L. "Bernie" Lieder

Senate Conferees: (Signed) Keith Langseth, Paula E. Hanson, Jim Vickerman, Steve Dille, Carol Flynn

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1709 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. 1709 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	Flynn	Langseth	Neuville	Robertson
Beckman	Frederickson	Larson	Novak	Runbeck
Belanger	Hanson	Lesewski	Oliver	Sams
Benson, J.E.	Janezich	Lessard	Olson	Samuelson
Berg	Johnson, D.E.	Luther	Pappas	Solon
Bertram	Johnson, D.J.	Marty	Pariseau	Spear
Betzold	Johnson, J.B.	McGowan	Piper	Stevens
Chmielewski	Johnston	Metzen	Pogemiller	Stumpf
Cohen	Kelly	Moe, R.D.	Price	Terwilliger
Day	Krentz	Mondale	Ranum	Vickerman
Dille	Kroening	Morse	Reichgott	Wiener
Finn	Laidig	Murphy	Riveness	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Sams moved that H.F. No. 1060 be taken from the table. The motion prevailed.

H.F. No. 1060: A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; authorizing an ethanol development program; appropriating money; amending Minnesota Statutes 1992, sections 41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions; 41B.03, subdivision 3; 41B.04, subdivision 9, and by adding a subdivision; and 41C.05, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 41B.

The question recurred on the Bertram amendment. Mr. Bertram withdrew his amendment.

Mr. Bertram then moved to amend H.F. No. 1060, the unofficial engrossment, as follows:

Page 2, after line 21, insert:

"Sec. 7. Minnesota Statutes 1992, section 41B.02, is amended by adding a subdivision to read:

Subd. 20. [ETHANOL PRODUCTION FACILITY.] *"Ethanol production facility" means a facility that ferments, distills, dewaters, or otherwise produces ethanol as defined in section 41A.09, subdivision 2, paragraph (a).*"

Page 4, after line 34, insert:

"Sec. 11. [41B.044] [ETHANOL DEVELOPMENT PROGRAM.]

Subdivision 1. [ETHANOL PRODUCTION FACILITY LOAN PROGRAM.] *The authority may establish, adopt rules for, and implement an ethanol production facility loan program to provide capital for ethanol*

production facilities. The program may provide for secured or unsecured loans, loan participations and loan guarantees with respect to real or personal property comprising all or part of an ethanol production facility, and the payment of costs incurred by the authority to establish and administer the program.

Subd. 2. [ETHANOL DEVELOPMENT FUND.] *There is established in the state treasury an ethanol development fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the ethanol production facility loan program, including costs incurred by the authority to establish and administer the program.*

Subd. 3. [REVENUE BONDS.] *The authority may issue revenue bonds to finance the ethanol production facility loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by chapter 475.*

Subd. 4. [PROGRAM REQUIREMENTS.] *The requirements in this subdivision apply to the ethanol production facility loan program.*

(a) Individuals, corporations, cooperatives, partnerships, and joint ventures may participate in the program and are not required to meet the eligibility requirements of section 41B.03, subdivision 1.

(b) Program participants may be required to pay reasonable nonrefundable application fees and origination fees established by the authority by rule under section 41B.07. Application and origination fees received by the authority must be deposited in the ethanol development fund.

(c) Total assistance provided to an ethanol production facility from appropriated funds must not exceed $500,000 or a lesser amount as provided by rules relating to the program.

(d) The interest payable on loans and loan participations made by the authority must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans and loan participations funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

Sec. 12. Minnesota Statutes 1992, section 41B.14, is amended to read:

41B.14 [REVENUE BONDS; NONLIABILITY OF STATE.]

The state of Minnesota is not liable on bonds of the authority issued under ~~section~~ *sections* 41B.08 *and 41B.044* and those bonds are not a debt of the state. The bonds must contain on their face a statement to that effect."

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. 1060 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Morse	Reichgott
Beckman	Flynn	Langseth	Neuville	Robertson
Benson, J.E.	Frederickson	Larson	Oliver	Sams
Berg	Hanson	Lesewski	Olson	Samuelson
Bertram	Janezich	Lessard	Pappas	Solon
Betzold	Johnson, D.E.	Marty	Pariseau	Spear
Chmielewski	Johnson, J.B.	McGowan	Piper	Stumpf
Cohen	Johnston	Metzen	Pogemiller	Terwilliger
Day	Kelly	Moe, R.D.	Price	Vickerman
Dille	Krentz	Mondale	Ranum	Wiener

Mr. Riveness and Ms. Runbeck voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as it relates to the Conference Committee report on S.F. No. 1407. The motion prevailed.

S.F. No. 1407 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1407

A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating an instructional telecommunications network; providing for grants from the higher education coordinating board for regional linkages, regional coordination, courseware development and usage, and faculty training; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; establishing grant programs to promote recruitment and retention initiatives by nurses training and teacher education programs directed toward persons of color; establishing grant programs for nursing students and students in teacher education programs who are persons of color; establishing an education to employment transitions system; amending Minnesota Statutes 1992, sections 136A.101, subdivisions 1 and 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; 136A.233, subdivisions 2 and 3; 136C.13, subdivision 4; 136C.61, subdivision 7; and 137.022, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; proposing coding for new law as Minnesota Statutes, chapter 126B;

repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1407, 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. 1407 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. HIGHER EDUCATION APPROPRIATIONS

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "1994" or "1995" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1994, or June 30, 1995, respectively. "The first year" is fiscal year 1994. "The second year" is fiscal year 1995. "The biennium" is fiscal years 1994 and 1995.

SUMMARY BY FUND

	1994	1995	TOTAL
General	$1,005,181,000	$1,037,819,000	$2,043,000,000

SUMMARY BY AGENCY – ALL FUNDS

	1994	1995	TOTAL
Higher Education Coordinating Board	122,248,000	119,498,000	241,746,000
State Board of Technical Colleges	165,109,000	170,525,000	335,634,000
State Board for Community Colleges	95,751,000	104,248,000	199,999,000
State University Board	175,399,000	179,621,000	355,020,000
Board of Regents of the University of Minnesota	444,966,000	462,187,000	907,153,000
Mayo Medical Foundation	808,000	840,000	1,648,000
Higher Education Board	900,000	900,000	1,800,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 2. HIGHER EDUCATION COORDINATING BOARD		
Subdivision 1. Total Appropriation	122,248,000	119,498,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration

3,216,000 3,166,000

The higher education coordinating board, in cooperation with the commissioner of finance and the commissioner of revenue, shall determine if there is an economically feasible way to encourage families to save money for their children's education. Particular effort shall be directed at the education savings plans contained in S.F. No. 468 and S.F. No. 1346 to determine if the tax revenue losses predicted in the fiscal notes are accurate, and if the benefits to an individual and the state are of greater value than the state's lost revenues. The higher education coordinating board shall report its findings to the governor and the education and tax committees of the legislature before September 15, 1993. The report shall include specific options for financing the recommendations, any necessary tax form and instruction changes, and any other information necessary for the proposals to be enacted into law.

The higher education coordinating board shall examine the feasibility of reducing the minimum amount a student can borrow under the SELF program, and allowing SELF recipients who return to school during their repayment phase to reenter the in-school phase of payments. The board may change the SELF loan requirements based on the results of the examination.

This appropriation includes money to provide technical advice and other support for child care innovation at eligible institutions, and to review biennial plans submitted by institutions. Plans must include strategies to supplement state money with community resources.

Subd. 3. State Grants

101,950,000 97,950,000

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

The legislature intends that the higher education coordinating board make full grant awards in each year of the biennium.

This appropriation contains money for increasing living allowances for state grants to $4,115 each year.

Beginning in the 1994-1995 academic year, the legislature intends to adopt the private college cap of $6,814 recommended by the higher education coordinating board and the department of finance, pending alternative recommendations of the financial aid task force.

The higher education coordinating board shall meet with the nursing community in order to evaluate consolidating all nursing grant programs administered by the state, and report its findings to the legislature by February 1, 1994.

This appropriation includes $250,000 each year for grants to nursing programs to recruit persons of color and to provide grants to nursing students who are persons of color. Of this amount, $100,000 each year is for recruitment and retention of students of color in nursing programs leading to licensure as a registered nurse. Other than the grants to students, all grants shall be matched with at least the same amount from grantee sources or nonstate money.

This appropriation includes money to begin postservice benefit accounts for the youthworks program. By October 1, 1993, the higher education coordinating board, in consultation with the youthworks task force, shall design a plan to administer the postservice benefit accounts of the youthworks program. The plan shall include strategies to augment the appropriation by maximizing federal and other nonstate money. The board shall report the plan to the education commit-

tees of the legislature by October 1, 1993. In the event that federal money becomes available for post-secondary initiatives involving community service, the board may use this money for any state contribution required.

Subd. 4. Interstate Tuition Reciprocity

5,050,000 5,050,000

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

The higher education coordinating board is authorized to enter into a reciprocity agreement with the province of Ontario.

By February 1, 1994, the higher education coordinating board and the department of finance shall jointly report on the fiscal and policy implications of tuition reciprocity agreements to the higher education finance divisions. The report shall examine the costs to the state, the effects on Minnesota public post-secondary systems and campuses, enrollment patterns of Minnesota students in reciprocity states, and the enrollment patterns of reciprocity students in Minnesota institutions. The public post-secondary systems shall be consulted throughout the study.

Subd. 5. State Work Study

8,219,000 8,219,000

Increases in the appropriation for the state work-study program shall be used, to the extent possible, for campus work that is relevant to a student's academic program or that otherwise provides a meaningful academic experience, or for public service work in the community.

Subd. 6. Minitex Library Program

2,063,000 2,063,000

Subd. 7. Telecommunications

1,750,000 3,050,000

(1) $642,000 the first year and $1,028,000 the second year is for the purposes of article 5, section 2.

(2) $758,000 the first year and $1,322,000 the second year is for grants for regional linkages in article 5, section 3.

(3) $350,000 the first year and $700,000 the second year is for grants for regional coordination in article 5, section 4.

The appropriations in this subdivision may be transferred among the clauses and between fiscal years.

Subd. 8. Income Contingent Loans

The higher education coordinating board shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program under Minnesota Statutes, section 136A.162.

Subd. 9. Balances Forward

An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 10. Transfers

The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Subdivision 1. Total Appropriation	165,109,000	170,525,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be $225,758,000

the first year and $234,386,000 the second year.

The technical colleges and community colleges shall ensure that a participating business or agency compensates for as much of the cost of the customized training services as possible, in the form of money or in-kind contributions. The state's share shall not exceed 50 percent of the systemwide costs of these services.

The state board of technical colleges is requested to continue its policy of assisting students who are refugees.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $1,647,000 the first year and $1,606,000 the second year.

$462,000 the first year and $421,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

$150,000 each year is for southwest Asia veterans tuition relief.

Subd. 4. State Council on Vocational Technical Education

This appropriation includes funding for the state council on vocational education.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation	95,751,000	104,248,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be $129,095,000 the first year and $141,698,000 the second year.

$134,000 each year is for administrative and instructional support at the Anoka-Ramsey Community College extension center in Cambridge. The legislature intends that Cambridge continue to be op-

erated as an extension center and not be developed into an independent college.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $22,229,000 each year.

Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation	175,399,000	179,621,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be $241,285,000 the first year and $247,587,000 the second year.

Notwithstanding Minnesota Statutes, section 136.09, subdivision 3, during the biennium neither the state university board nor the state university campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and ways and means.

The state university board shall review the internal allocation formula used to distribute appropriations to its campuses. The legislature anticipates that the board will provide funding consistent with its overall appropriation to the Winona State University campus for the unique costs associated with upper division offerings at the Rochester center. Winona State University, in cooperation with Rochester Community College and the University of Minnesota, shall develop and implement a plan to reduce the duplication and cost of administrative and student services at the Rochester center. All savings that result from implementing the plan may be retained by the three systems in proportion to the amount that each saved, and shall be redirected to improving programs, acquiring better equipment, and improving the retention and graduation rates.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $26,654,000 each year.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	444,966,000	462,187,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	362,119,000	375,980,000

(a) Instructional Expenditures

The legislature estimates that instructional expenditures will be $385,040,000 the first year and $405,863,000 the second year.

(b) Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be $115,289,000 each year.

Subd. 3. Special Appropriation	82,847,000	86,207,000

The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1995 biennial budget document.

(a) Agriculture and Extension Service

44,247,000 45,997,000

This appropriation is for the Agricultural Experiment Station and Minnesota Extension Service.

Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

(b) Health Sciences

16,758,000 17,458,000

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology

2,911,000 3,021,000

This appropriation is for the Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials

18,931,000 19,731,000

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Education Amendments of 1972 and Minnesota Statutes, section 126.21. Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	$551,600	$551,600
Morris	$ 66,100	$ 66,100
Crookston	$ 65,000	$ 65,000

Prior to selling its shares in the supercomputer center, the board of regents shall present its plan for the sale and for meeting its supercomputing needs to the higher education finance divisions. To the extent possible, the plan must ensure that the university receives a reasonable value for the public investment in the center.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation 808,000 840,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

504,000 493,000

The state of Minnesota shall pay a capitation of $9,882 in the first year and $10,270 in the second year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program

304,000 347,000

The state of Minnesota provides a capitation of $15,222 the first year and $15,780 the second year for each student.

Sec. 8. HIGHER EDUCATION BOARD 900,000 900,000

Subdivision 1. Appropriations; Availability

The appropriation in fiscal year 1993 for the operation of the higher education board shall not cancel, but shall be available for fiscal year 1994.

Any unexpended balance remaining in the first year shall not cancel, but is available for the second year.

Subd. 2. Student Members

By July 1, 1993, the governor shall appoint one student from the state university system, one student from the community college system, and one student from the technical college system to the higher education board. The terms of the appointments shall expire June 30, 1995.

Subd. 3. Personnel

The legislature intends that the higher education board, during the biennium,

rely on the expertise of personnel in the existing post-secondary systems, and elsewhere in state government to the extent possible.

Subd. 4. Task Forces; Working Groups

During the biennium, the board must include a representative of faculty and a representative of students on all task forces or working groups it establishes.

Sec. 9. POST-SECONDARY SYSTEMS

Subdivision 1. Library and equipment expenditures

In each year of the biennium, each post-secondary system shall spend no less on libraries and instructional equipment than in the previous biennium.

Subd. 2. Importance of Teaching

The legislature recognizes the importance of each faculty member's contributions in the classroom, and is aware of the profound effect a quality teacher has on a student's learning. The legislature encourages each board to place greater emphasis on the teaching mission at each campus.

Subd. 3. Educational Enhancements

The legislature provided full funding for each post-secondary system, using the formula contained in Minnesota Statutes, section 135A.03. The appropriation to each post-secondary governing board includes funding to enhance the quality of education in that system without placing an undue burden on students through large tuition increases. The legislature anticipates that any revenue raised from tuition increases greater than three percent of the previous year's tuition level must be used for educational enhancements.

Educational enhancements include:

(1) system initiatives to improve quality, namely, access to excellence, Q-7, student success, and campaign 2001. The legislature supports their continuation and refinement;

(2) legislative initiatives to improve quality including, but not limited to, enhance-

ments in libraries, instructional equipment, and technology; faculty training in telecommunication instruction; development and use of courses to be delivered via telecommunication; availability and size of classes; student services; facilities; curriculum or teaching innovations; mechanisms to improve retention and timely graduation; and career information or counseling to students including information on opportunities and prospects for employment; and

(3) pilot projects to test the use of different types of performance indicators to measure educational quality. Up to two campuses in each system may be designated as pilots by the task force on post-secondary funding according to the recommendations of each chancellor. Pilots shall begin in the 1993-1994 academic year and continue into the following year. Campuses must internally reallocate money to at least match new state money for this purpose.

By January 15, 1995, each system must provide a succinct report in the 1995 biennial budget document on the results achieved through its investment in educational enhancements.

Subd. 4. Post-Secondary Enrollment Options

The higher education advisory council shall examine costs and funding of students enrolled in post-secondary enrollment options courses offered by agreement between a college and a school district. The higher education advisory council shall submit recommendations to the higher education financial divisions on fair and fiscally prudent funding for these students by February 1, 1994.

Subd. 5. Title IX

Each campus with a men's varsity level hockey team and women's club level hockey shall analyze the campus responsibility for Title IX equity as it applies to this situation and shall report to the education committees by January 15, 1994.

Subd. 6. POST Board

Beginning in fiscal year 1996, money for law enforcement education that is currently provided through the POST board shall be provided through general fund appropriations to be calculated at the same initial base as the previous POST funding, except that the base adjustment for the community colleges shall be $290,000. The legislature intends that penalty surcharge dollars under Minnesota Statutes, section 626.861, subdivision 1, shall continue to be appropriated to the POST account for other lawful purposes.

Subd. 7. Funding Mechanisms

For purposes of determining system budgets and appropriations for 1996-1997, the legislature intends to adopt new funding mechanisms in 1994.

Subd. 8. Post-secondary Appropriations for Fiscal Years 1996 and 1997

Notwithstanding any other section of Minnesota Statutes to the contrary, general fund appropriations for the University of Minnesota, the higher education board, the higher education coordinating board, and Mayo medical shall be $2,040,000,000 for the biennium beginning July 1, 1995. Unless otherwise recommended by the future funding task force, this amount shall be allocated in equal amounts each year among these entities in proportion to their fiscal year 1995 appropriations or the fiscal year 1995 appropriations of the systems that comprise them.

The commissioner of finance shall calculate the base budget for these entities according to Minnesota Statutes, chapter 135A. If any adjustments to the base calculations are necessary in order to arrive at an appropriation of $2,040,000,000, the commissioner shall provide clear information in the 1996-1997 biennial budget document showing those adjustments.

Sec. 10. [EFFECTIVE DATE.]

Section 2, subdivision 3, is effective the day following final enactment.

ARTICLE 2

HECB AND FINANCIAL AID

Section 1. Minnesota Statutes 1992, section 136A.02, subdivision 5, is amended to read:

Subd. 5. [ADVISORY GROUPS.] The board may appoint advisory task forces to assist it in the study of higher education within the state or in the administration of federal programs. The task forces expire and the terms, compensation, and removal of members are as provided in section 15.059~~, except that the task force established under section 135A.05 and the advisory councils established under subdivisions 6 and 7 expire June 30, 1993~~.

Sec. 2. Minnesota Statutes 1992, section 136A.02, subdivision 6, is amended to read:

Subd. 6. [HIGHER EDUCATION ADVISORY COUNCIL.] A higher education advisory council is established. The council is composed of the president of the University of Minnesota, the chancellor of the state universities, the chancellor of the community colleges, the chancellor of ~~vocational~~ *the* technical ~~education~~ *colleges*, the commissioner of education, the president of the private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters that the council deems necessary, (2) make appropriate recommendations, (3) review and comment upon proposals and other matters before the board, and (4) provide other assistance to the board. The board shall periodically inform the council of matters under consideration by the board. The board shall refer all proposals to the council before submitting recommendations to the governor and the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The council shall report to the board at least quarterly. The council shall determine its meeting times, but it shall also meet within 30 days after a request by the executive director of the board. The council expires June 30, ~~1993~~ *1995*.

Sec. 3. Minnesota Statutes 1992, section 136A.02, subdivision 7, is amended to read:

Subd. 7. [STUDENT ADVISORY COUNCIL.] A student advisory council to the board is established. The members of the council shall include the chair of the University of Minnesota university student senate, the state chair of the Minnesota state university student association, the president of the Minnesota community college student association, the president of the Minnesota ~~vocational~~ technical *college* student association, the president of the Minnesota association of private college students, and a student who is enrolled in a private vocational school registered under this chapter, to be appointed by the Minnesota association of private post-secondary schools. A member may be represented by a designee.

The advisory council shall:

(1) bring to the attention of the board any matter that the council believes needs the attention of the board;

(2) make recommendations to the board as the council deems appropriate;

(3) review and comment upon proposals and other matters before the board;

(4) appoint student members to board advisory groups as provided in subdivision 5a;

(5) provide any reasonable assistance to the board; and

(6) select one of its members to serve as chair. The board shall inform the council of all matters under consideration by the board and shall refer all proposals to the council before the board acts or sends the proposals to the governor or the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The student advisory council shall report to the board quarterly and at other times that the council considers desirable. The council shall determine its meeting time, but the council shall also meet with the executive director of the board within 30 days after the director's request for a council meeting. The student advisory council shall meet quarterly with the higher education advisory council and the board executive committee. The council expires June 30, ~~1993~~ *1995*.

Sec. 4. Minnesota Statutes 1992, section 136A.0411, is amended to read:

136A.0411 [COLLECTING FEES.]

The board may charge fees for seminars, conferences, workshops, services, and materials. *The board may collect fees for registration and licensure of private institutions under sections 136A.61 to 136A.71 and chapter 141.* The money is annually appropriated to the board.

Sec. 5. Minnesota Statutes 1992, section 136A.08, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION.] The Minnesota higher education coordinating board, *in consultation with the commissioner of finance and each affected public post-secondary 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.

Sec. 6. Minnesota Statutes 1992, section 136A.08, subdivision 6, is amended to read:

Subd. 6. [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 *or to any of the Minnesota public post-secondary boards*, beyond enrollment funding adjustments, must be submitted *to the commissioner of finance and* to the chairs of the *higher education finance divisions of the* senate ~~finance~~ and house ~~appropriations committees~~ for review. The agreement remains valid unless it is disapproved in law.

Sec. 7. Minnesota Statutes 1992, section 136A.101, subdivision 1, is amended to read:

Subdivision 1. For purposes of sections 136A.095 to ~~136A.134~~ *136A.132*, the terms defined in this section have the meanings ascribed to them.

Sec. 8. Minnesota Statutes 1992, section 136A.101, subdivision 7, is amended to read:

Subd. 7. ~~Until June 30, 1993, "student" means a person who is enrolled at least half time in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes of section 136A.132, student may include a person enrolled for at least three credits per quarter or semester, or the equivalent, but less than half time.~~

~~Beginning July 1, 1993,~~ "Student" means a person who is enrolled for at least three credits per quarter or semester, or the equivalent, in a program or course of study that applies to a degree, diploma, or certificate. *Credit equivalencies assigned by an institution that are applicable to federal Pell grant calculations shall be counted as part of a student's credit load.*

Sec. 9. Minnesota Statutes 1992, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] *(a)* The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

(b) For the purpose of paragraph (a), clause (2), "comparable public institutions" to both two- and four-year, private, residential, liberal arts, degree-granting colleges and universities must be the same.

(c) For a student attending less than full time, the board shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

Sec. 10. Minnesota Statutes 1992, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [~~INITIAL~~ AWARDS.] An undergraduate student ~~who has not previously received a grant and~~ who meets the board's requirements is eligible to apply for and receive ~~an initial~~ *a* grant in any year of undergraduate study *unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for eight semesters or 12 quarters.*

Sec. 11. [136A.122] [AKITA GRANTS.]

The higher education coordinating board may provide grants to Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants, except that the cost of attendance must be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.

Sec. 12. Minnesota Statutes 1992, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. ~~Initial applications are due by January 1 of each year. By June 30 of each 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 of each year.~~ *Interested schools, colleges, or programs of nursing education must complete and return the annual participation request form provided by the board.*

Sec. 13. Minnesota Statutes 1992, section 136A.1354, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools 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 of each year. By June 30 of each 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 of each year.~~ *Interested schools, colleges, or programs of advanced nursing education must complete and return the annual participation request form provided by the board.*

Sec. 14. [136A.1358] [GRANTS FOR NURSING STUDENTS WHO ARE PERSONS OF COLOR.]

Subdivision 1. [ESTABLISHMENT.] *A nursing grant program is established under the authority of the higher education coordinating board to provide grants to students who are persons of color who are entering or enrolled in an educational program that leads to licensure as a registered nurse.*

Subd. 2. [ELIGIBILITY.] *To be eligible to receive a grant, a student shall be:*

(1) a citizen of the United States;

(2) a resident of the state of Minnesota;

(3) an Asian Pacific-American, African-American, American Indian, or Hispanic-American (Latino, Chicano, or Puerto Rican);

(4) entering or enrolled in a nursing program in Minnesota that leads to licensure as a registered nurse; and

(5) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled. Students applying for a grant must be willing to practice in Minnesota for at least three years following licensure.

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 student nursing grant program shall apply to the higher education coordinating board for grant money, according to policies established by the board. A school, college, or program of nursing shall 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 $2,500 per year. Each school, college, or program of nursing shall agree that the money awarded through this grant program must not be used to replace any other grant or scholarship money for which the student would be otherwise eligible.*

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *The higher education coordinating board shall distribute money each year to Minnesota schools, colleges, or programs of nursing that lead to licensure as a registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing.*

Sec. 15. Minnesota Statutes 1992, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. [TERMS AND CONDITIONS OF LOANS.] The board may loan money upon such terms and conditions as the board may prescribe. The principal amount of a loan to an undergraduate student for a single academic year ~~may~~ *shall* not exceed ~~$4,000~~ *$6,000*. The aggregate principal amount of all loans made under this section to an undergraduate student ~~may~~ *shall* not exceed ~~$16,000~~ *$25,000*. The principal amount of a loan to a graduate student for a single academic year shall not exceed ~~$6,000~~ *$9,000*. The aggregate principal amount of all loans made under this section to a student as a graduate student shall not exceed ~~$25,000~~ *$40,000*.

Sec. 16. Minnesota Statutes 1992, section 136A.1701, is amended by adding a subdivision to read:

Subd. 9a. The board shall develop an appeals process for recipients of loans made under this section who believe there is an unresolved error in the servicing of the loan. The board shall provide recipients with a description of the appeals process.

Sec. 17. Minnesota Statutes 1992, section 136A.233, is amended to read:

136A.233 [WORK-STUDY GRANTS.]

Subdivision 1. [ALLOCATION TO INSTITUTIONS.] The higher education coordinating board ~~may offer~~ *shall allocate* work-study ~~grants~~ *money* to eligible post-secondary institutions according to the resident full-time equivalent enrollment of all eligible post-secondary institutions that apply to participate in the program. ~~The board shall seek to equalize work study job opportunities by also taking into account student employment needs at eligible institutions.~~ Each institution wishing to ~~receive a~~ *participate in the* work-study ~~grant shall~~ *program must* submit ~~to the board~~, in accordance with policies and procedures established by the board, an estimate of the amount of funds needed by the institution. ~~The amount allocated to any institution shall not exceed the estimate of need submitted by the institution.~~ Any funds ~~which would be~~ allocated to an institution ~~according to full-time equivalent enrollment but which~~ *that* exceed the ~~estimate of need by the institution or the~~ actual need of the institution may be reallocated by the board to other institutions ~~for which the estimate of need exceeds the amount of allocation according to enrollment. The institution must not receive less than it would have received under the allocation formula used before fiscal year 1988. No more than one-half of any increase in appropriations, attributable to this section, above the level before fiscal year 1988 may be allocated on the basis of identified student employment needs at eligible institutions~~.

Subd. 2. [DEFINITIONS.] For purposes of sections 136A.231 to ~~136A.234~~ *136A.233*, the words defined in this subdivision have the meanings ascribed to them.

(a) "Eligible student" means a Minnesota resident enrolled or intending to enroll ~~full time~~ *at least half time as defined in section 136A.101, subdivision 7b, in a degree, diploma, or certificate program* in a Minnesota post-secondary institution.

(b) "Minnesota resident" means a student who meets the conditions in section 136A.101, subdivision 8.

(c) "Financial need" means the need for financial assistance in order to attend a post-secondary institution as determined by a post-secondary institution according to guidelines established by the higher education coordinating board.

(d) "Eligible employer" means any eligible post-secondary institution and any nonprofit, nonsectarian agency or state institution located in the state of Minnesota, including state hospitals, and also includes a handicapped person or a person over 65 who employs a student to provide personal services in or about the residence of the handicapped person or the person over 65.

(e) "Eligible post-secondary institution" means any post-secondary institution eligible for participation in the Minnesota state grant program as specified in section 136A.101, subdivision 4.

(f) "Independent student" has the meaning given it in the Higher Education Act of 1965, United States Code, title 20, section 1070a-6, and applicable regulations.

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) ~~No eligible student shall be employed under the state work-study program while not a full-time student; provided, with the approval of the institution, a full-time student who becomes a part-time student during an academic year may continue to be employed under the state work-study program for the remainder of the academic year~~ *In selecting students for participation, priority must be given to students enrolled for at least 12 credits.*

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) ~~An eligible employer shall pay at least 30 percent of the student's compensation.~~ *The board shall annually establish a minimum percentage rate of student compensation to be paid by an eligible employer.*

(f) Each post-secondary institution receiving money for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution. *However, a public employer other than the institution may not terminate, lay-off, or reduce the working hours of a permanent employee for the purpose of hiring a work-study student, or replace a permanent employee who is on layoff from the same or substantially the same job by hiring a work-study student.*

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

Sec. 18. Minnesota Statutes 1992, section 136A.653, subdivision 1, is amended to read:

Subdivision 1. A school ~~which does not grant a degree and which~~ *that* is subject to licensing by the ~~state~~ board ~~of education pursuant to~~ *under* chapter 141, is exempt from the provisions of sections 136A.61 to 136A.71. The determination of the ~~commissioner of education~~ *board* as to whether a particular school is subject to regulation under chapter 141 is final for the purposes of this exemption.

Sec. 19. Minnesota Statutes 1992, section 136A.69, is amended to read:

136A.69 [FEES.]

The board may collect reasonable registration fees not to exceed ~~$400~~ *$450* for an initial registration of each school and ~~$250~~ *$350* for each annual renewal of an existing registration.

Sec. 20. Minnesota Statutes 1992, section 136A.87, is amended to read:

136A.87 [~~ASPECTS OF THE PROGRAM~~ *PLANNING INFORMATION.*]

~~Subdivision 1. [ASSESSMENT INSTRUMENTS AND QUESTIONNAIRES.] The program shall provide for administration of education and career assessment instruments and questionnaires to residents in grades 8 through 12, and to adults. The board shall determine the instruments and questionnaires that are appropriate to serve the purposes of sections 136A.85 to 136A.88.~~

~~Subd. 2. [HIGH SCHOOL ASSESSMENTS.] The program shall provide for administration of educational measurement instruments and questionnaires to high school students before their senior year. At least the following may be included:~~

~~(1) an aptitude assessment for students anticipating entry to collegiate programs;~~

~~(2) an inventory of interests, career directions, background information, and education plans; and~~

~~(3) a preliminary mathematics placement test to aid in future course selections, and, as determined appropriate by the board, preliminary placement tests in other subjects.~~

~~Subd. 3. [PROVIDING INFORMATION.]~~ The board shall make available to all residents from 8th grade through adulthood information about planning and preparing for post-secondary opportunities. Information must be provided to all 8th grade students and their parents by January 1 of each year about the need to plan for their post-secondary education. The board may also provide information to high school students and their parents, to adults, and to out-of-school youth. The information provided may include the following:

(1) the need to start planning early;

(2) the availability of assistance in educational planning from educational institutions and other organizations;

(3) suggestions for studying effectively during high school;

(4) high school courses necessary to be adequately prepared for post-secondary education;

(5) encouragement to involve parents actively in planning for all phases of education;

(6) information about post-high school education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;

(7) ways to evaluate and select post-secondary institutions;

(8) the process of transferring credits among Minnesota post-secondary institutions and systems;

(9) the costs of post-secondary education and the availability of financial assistance in meeting these costs;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for education beyond high school.

~~Subd. 4. [DATA BASE.] A data base of information from the program's assessments and services shall be maintained to:~~

~~(1) provide individual reports of results to the students, high schools in which students are enrolled, and, if authorized by the students, post-secondary educational institutions; and~~

~~(2) provide annual statewide summary reports of results to high schools, post-secondary institutions, the department of education, the chairs of the education, higher education, appropriations and finance committees of the legislature, and the governor.~~

~~Subd. 5. [COORDINATION.] The board shall coordinate efforts and develop additional methods of providing information, guidance, and testing services to out-of-school youth and adults.~~

Sec. 21. Minnesota Statutes 1992, section 141.25, subdivision 8, is amended to read:

Subd. 8. [FEES AND TERMS OF LICENSE.] (a) Applications for initial license under sections 141.21 to 141.36 shall be accompanied by ~~$560~~ *$650* as a nonrefundable application fee.

(b) All licenses shall expire ~~on December 31 of each year~~ *one year from the date issued by the board*. Each renewal application shall be accompanied by a nonrefundable renewal fee of ~~$430~~ *$650*.

(c) Application for renewal of license shall be made ~~on or before October 1 of each calendar year~~ *at least 30 days before the expiration of the school's current license*. Each renewal form shall be supplied by the board. It shall not be necessary for an applicant to supply all information required in the initial application at the time of renewal unless requested by the board.

Sec. 22. Minnesota Statutes 1992, section 141.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED.] A solicitor representing a school must obtain a solicitor's permit from the board before soliciting students to enroll in such school. Such permit shall expire ~~on December 31~~ *one year* following the date of issuance. Application for renewal of permit shall be made ~~on or before November 15 of each calendar year~~ *annually*.

Sec. 23. Minnesota Statutes 1992, section 141.26, subdivision 5, is amended to read:

Subd. 5. [FEE.] The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of ~~$210~~ *$250*.

Sec. 24. [FINANCIAL AID TASK FORCE.]

Subdivision 1. [PURPOSE.] *A task force is established to study and make recommendations on Minnesota's system of financial aid, focusing particularly on the state grant program. The purpose of the task force is to evaluate state financial aid policy, examine alternative policies, and recommend changes to the legislature. The task force shall consider current resource constraints among other factors.*

Subd. 2. [MEMBERSHIP.] *The speaker of the house and the subcommittee on committees of the committee on rules and administration of the senate shall each appoint four members, including representatives of public and private post-secondary systems and campuses. The governor shall appoint two public members and two students, at least one of whom must be a public college student.*

Subd. 3. [SUPPORT.] *The higher education coordinating board shall provide technical and clerical support to the task force as determined by the*

task force. The task force, through the board, may contract for consulting services, but is not subject to the provisions of Minnesota Statutes, chapter 16B.

Subd. 4. [CONTENT OF STUDY.] *The task force shall consider whether Minnesota's financial aid program, as it operates in conjunction with the federal Pell grant program, is meeting the state goal of removing economic barriers to education for economically disadvantaged citizens of the state. The task force shall further consider whether the state program needs to be made more progressive and, if so, whether this should be accomplished through adjustments to the shared responsibility policy or adoption of a new policy. The study additionally shall consider the advantages and disadvantages of linking the state grant program to federal policies and programs. The task force also shall consider effective ways to integrate grants, loans, work-study, and other aid to create aid packages for students and to deliver different types of aid to students with different needs. Finally, the task force shall consider efficient ways to deliver aid to students, including more rapid decentralization to the campus level.*

Subd. 5. [REPORT.] *The task force shall report its findings and recommendations to the education committees of the legislature by February 1, 1994. The task force shall expire on June 30, 1994.*

Sec. 25. [GRANTS TO NURSING PROGRAMS FOR PERSONS OF COLOR.]

Subdivision 1. [ESTABLISHMENT.] *A pilot grant program is established under the authority of the higher education coordinating board to provide grants to Minnesota schools, colleges, and other institutions that offer programs of nursing, to fund initiatives designed to ensure the recruitment and retention of nursing students who are Asian-Pacific, African-American, American Indian, or Hispanic American (Latino, Chicano, or Puerto Rican).*

Subd. 2. [ELIGIBILITY.] *To be eligible to receive a grant, an applicant must:*

(1) be a Minnesota school, college, or program of nursing that offers educational programs leading to licensure as a registered nurse;

(2) have in place a program of activities that provides faculty with knowledge of the history, practices, and health needs of persons of color; and

(3) have in place a program advisory panel, a majority of whom are persons of color.

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] *Each school, college, or program of nursing that wishes to participate in the grant program shall apply to the higher education coordinating board for grant money, according to policies established by the board. Each applicant shall outline the specific programs it intends to implement and demonstrate the likelihood that those programs will result in increased recruitment and retention of students who are persons of color.*

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *The board shall establish an application process for interested schools, colleges, or programs of nursing.*

The board shall establish written criteria to use in awarding the grants. The criteria must include consideration of whether:

(1) the proposed program is likely to actually increase the recruitment and retention of nursing students who are persons of color;

(2) the proposed program creates a support network for persons of color;

(3) the nursing program employs persons of color on its staff and faculty;

(4) the proposed program has initiatives to reach persons of color while still in high school; and

(5) the proposed program establishes a mentoring program for nursing students who are persons of color.

The board shall establish written guidelines to ensure that grants are used only for board-approved initiatives. The board shall provide the written guidelines to grant recipients at the time it distributes the money. The board shall require each grant recipient to report to the board on its program activity and use of grants.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; 136A.70; and Laws 1991, chapter 356, article 8, section 23, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Section 15 is effective immediately for applicants for loans for enrollment periods beginning after July 1, 1993.

ARTICLE 3

POST-SECONDARY SYSTEMS

Section 1. Minnesota Statutes 1992, section 3.9741, is amended to read:

3.9741 [COST OF EXAMINATION, BILLING, PAYMENT.]

Subdivision 1. [METROPOLITAN COMMISSION.] Upon the audit of the financial accounts and affairs of a commission under section 473.413, 473.595, 473.604, or 473.703, the affected metropolitan commission is liable to the state for the total cost and expenses of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The legislative auditor may bill the metropolitan commission either monthly or at the completion of the audit. All collections received for the audits must be deposited in the general fund.

Subd. 2. [POST-SECONDARY EDUCATION BOARD.] *The legislative auditor may enter into an interagency agreement with the community college board, state university board, or the state board of technical colleges to conduct financial audits, in addition to audits conducted under section 3.972, subdivision 2.*

Sec. 2. Minnesota Statutes 1992, section 16A.127, subdivision 8, is amended to read:

Subd. 8. [EXEMPTION.] *(a) Except for the costs of the legislative auditor to conduct financial audits of federal funds,* this section does not apply to the community college ~~system~~ *board*, state ~~universities~~ *university board*, or the state board of technical colleges. *Indirect cost receipts attributable to*

financial audits conducted by the legislative auditor of federal funds administered by these post-secondary education boards shall be deposited in the general fund.

(b) Except for federal funds, this section does not apply to the department of natural resources for agency indirect costs.

Sec. 3. Minnesota Statutes 1992, section 126.56, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] An advisory committee shall assist the state board of education in approving eligible programs and shall assist the higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of 11 members, to include the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college council, a community college representative appointed by the community college chancellor, a state university representative appointed by the state university chancellor, and a University of Minnesota representative appointed by the president of the University of Minnesota. The committee expires June 30, ~~1993~~ *1995*.

Sec. 4. Minnesota Statutes 1992, section 135A.03, subdivision 7, is amended to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission *or dependent students whose parent or legal guardian resides in Minnesota at the time the student applies*;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere;

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement; and

(4) students who have been in Minnesota as migrant farmworkers, as defined in Code of Federal Regulations, title 20, section 633.104, over a period of at least two years immediately before admission or readmission to a Minnesota public post-secondary institution, or students who are dependents of such migrant farmworkers.

Sec. 5. Minnesota Statutes 1992, section 135A.06, subdivision 1, is amended to read:

Subdivision 1. [PLANNING REPORTS.] It is the intention of the legislature that the planning efforts of the public post-secondary education systems be summarized and reported to the legislature. It is the further intention that the system missions be differentiated from one another to best serve the needs of the citizens of Minnesota. To accomplish these goals, the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of technical colleges shall each submit to the governor and the legislature on December 1 of each even-numbered year a planning report for its system. The report shall contain the

mission of the system and short- and long-range plans for programs, staff, and facilities. ~~It shall specify the mission and plans for two, five, and ten years.~~ The assumptions used in developing the plans shall be included. ~~The report shall also include plans for and progress toward achieving mission differentiation while maintaining the state's overall post-secondary objectives.~~

Sec. 6. Minnesota Statutes 1992, section 135A.061, is amended to read:

135A.061 [INTERSYSTEM COUNCIL.]

An intersystem council is established to improve communications among post-secondary systems on relevant policy issues. The council is composed of officers or other representatives of each public post-secondary governing board ~~and of the higher education coordinating board~~. *The council chair shall be rotated among the systems each year, corresponding to the rotation of the chair of the higher education advisory council.* The council shall ~~determine its meeting times but shall~~ meet at least twice each year. Members shall report on discussions and actions of the council to their respective governing boards. The council shall determine its agenda from issues that affect more than one system. These may include: transfer of credit, efficiency of campus and system operations, duplication of programs and courses, mission delineation, cooperative arrangements, academic quality initiatives, and the effects of a system's proposed plans on the other systems. ~~The council shall notify the chairs of the education, appropriations, and finance committees of the legislature in advance of its meetings.~~

Sec. 7. Minnesota Statutes 1992, section 136C.15, is amended to read:

136C.15 [STUDENT ASSOCIATIONS.]

Every school board governing a technical college shall give recognition as an authorized extracurricular activity to a technical college student association affiliated with the Minnesota ~~vocational~~ technical *college* student association. The student association is authorized to collect a reasonable fee from students to finance the activities of the association in an amount determined by the governing board of the technical college which has recognized it.

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The money in this fund shall be available for expenditure for recreational, social, welfare, charitable, and educational activities approved by the student association. The money in the fund is not public money.

Sec. 8. Minnesota Statutes 1992, section 136C.61, subdivision 7, is amended to read:

Subd. 7. [MEETINGS.] Notwithstanding any law to the contrary, the joint board may hold meetings at any location convenient to the member districts and the public, whether or not that meeting site is located within the boundaries of a member district. The joint board may also conduct meetings ~~via interactive television~~ *by means of telecommunications* if the board complies with section 471.705 in each location where board members are present. The joint board shall establish and maintain a schedule of the time and place of its meetings and shall give notice of regular and special meetings in the same manner as required for other public bodies.

Sec. 9. [137.41] [INDIRECT COST RECOVERIES.]

Indirect cost recovery money received by the University of Minnesota must be used exclusively for the direct support of research or the financing of support activities directly contributing to the receipt of indirect cost recovery money. It may be used for debt retirement for research-related buildings. It may not be used for teaching or service.

Sec. 10. Laws 1990, chapter 591, article 3, section 10, as amended by Laws 1991, chapter 356, article 3, section 13, is amended to read:

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements *for facilities*, 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 ~~1992-1993~~ *1994-1995* 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 ~~1992-1993~~ *1994-1995* 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. Laws 1991, chapter 356, article 6, section 4, as amended by Laws 1992, chapter 513, article 1, section 25, is amended to read:

Subd. 3a. [CURRENT EMPLOYEES.] It is the policy of the state of Minnesota that restructuring of peace officer education be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of higher education system employees, and while facilitating the best possible service to the public. The affected governing boards shall make every effort to train and retrain existing ~~employees~~ *full-time law enforcement training center administrators* for a changing work environment.

Options presented to ~~employees~~ *full-time law enforcement training center administrators* whose positions might be eliminated by integrating peace officer education programs must include, but not be limited to, job and training opportunities necessary to qualify for another job within their current institution or a similar job in another institution. *This subdivision shall expire on December 31, 1993.*

Sec. 12. [SHARED STUDENT SERVICES.]

To improve the efficient delivery of services to students and to reduce unnecessary expenditures, each technical college and community college, located in the same or nearby communities, as provided in Laws 1983, chapter 258, section 64, subdivision 1, shall jointly develop a plan to consolidate, to the extent possible, administrative positions and the delivery of noninstructional and administrative services including, but not limited to, bookstores, food services, financial aid, registration and records, parking services, libraries, and counseling.

Each joint plan shall be submitted to the higher education board, the state board for community colleges, and the state board of technical colleges by December 31, 1993. The state boards shall jointly submit an integrated plan to the education committees of the legislature by February 15, 1994, that includes proposals to redirect savings from shared services to instruction at the co-located campuses.

Sec. 13. [EMPLOYEE PROVISIONS.]

During the biennium, the legislature intends that any layoffs at post-secondary institutions be distributed equitably between management/supervisory personnel and line/support personnel. Where restructuring and retrenchment may involve a decrease in existing positions, institutions shall assist employees in finding suitable employment through such options as training and retraining opportunities. Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements under Minnesota Statutes, chapter 179A.

Sec. 14. [PERFORMANCE MEASURES.]

Subdivision 1. [TECHNICAL COLLEGES.] *For budget considerations in 1995, the technical college board shall:*

(1) report to the education committees on administrator/instructor ratios for each technical college for fiscal years 1992, 1993, 1994, and 1995;

(2) report the actual placement rate, which should be no less than 60 percent for each program at each campus over a two-year period; and

(3) report how savings from a campus initiated program closure are reallocated.

Subd. 2. [COMMUNITY COLLEGES.] *For budget considerations in 1995, the community college board shall:*

(1) report the process used to evaluate occupational programs with a less than 60 percent placement rate;

(2) report the number and percent of students transferring to four-year colleges and universities, the percent retained one year later, and their academic success.

Subd. 3. [COMMUNITY COLLEGES AND TECHNICAL COLLEGES.] *For budget considerations in 1995, the community college and technical college board shall report jointly on:*

(1) their plans regarding duplicative programs at co-located campuses; and

(2) the process used to reduce duplicative nonhealth occupational programs, that are less than 35 miles apart, with student-teacher ratios below 15-1 for the courses offered in that program.

Subd. 4. [STATE UNIVERSITIES.] *For budget considerations in 1995, the state university board shall report on its success in increasing:*

(1) the number of students of color who graduate; and

(2) the percentage of graduates who have completed a senior project or other capstone experience.

Sec. 15. [FEE STATEMENT.]

Beginning in the 1993-1994 academic year, fee statements at all public post-secondary campuses shall indicate the state-paid portion of the cost of an average student's education in that system by including the following statement: "Tuition pays for approximately ... % of the cost of a student at a public college. The State of Minnesota pays approximately $..... of the average cost for full-time students."

Sec. 16. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment.

ARTICLE 4

ENDOWMENT FOR SCHOLARSHIP, RESEARCH, AND CHAIRS

Section 1. Minnesota Statutes 1992, section 137.022, subdivision 3, is amended to read:

Subd. 3. [ENDOWED ~~CHAIRS~~ *CHAIR ACCOUNT.*] (a) *For purposes of this section, the permanent university fund has three accounts. The sources of the money in the endowed mineral research and scholarship accounts are set out in paragraph (b) and subdivision 4. All money in the fund that is not otherwise allocated is in the endowed chair account.* The income from the ~~permanent university fund~~ *endowed chair account* must be used, and capital gains ~~of the fund~~ *allocated to that account* may be used, to provide endowment support for professorial chairs in academic disciplines. 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 *endowed chair account 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 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 of the income is not used for the ~~purpose~~ *purposes* specified in paragraph (a) *or subdivision 4*, that portion lapses and must be added to the principal of the *three accounts of the* permanent university fund *in proportion to the market value of each account.*

Sec. 2. Minnesota Statutes 1992, section 137.022, is amended by adding a subdivision to read:

Subd. 4. [MINERAL RESEARCH; SCHOLARSHIPS.] *(a) All income credited after July 1, 1992, to the permanent university fund from royalties for mining under state mineral leases from and after July 1, 1991, must be allocated as provided in this subdivision.*

(b)(1) Fifty percent of the income, up to $25,000,000, must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research; and

(2) The remainder must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the board of regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.

(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.

(d) The board of regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the dispersal of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

(e) Capital gains and losses and portfolio income of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.

(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective retroactively to July 1, 1992, for income and allocations into the three accounts of the permanent university fund and July 1, 1993, for distributions from the endowed mineral research account and endowed scholarship accounts of the fund.

ARTICLE 5

TELECOMMUNICATIONS

Section 1. [PURPOSE.]

The purpose of sections 1 to 4 is to expand the availability of a broad range of courses and degrees to students throughout the state to improve access, quality, and efficiency by enhancing and expanding the use of telecommunications and other instructional technologies.

Sec. 2. [TELECOMMUNICATIONS COUNCIL.] *An instructional telecommunications council shall be established and composed of: two representatives selected by each public higher education system, a representative of the higher education board, a regional telecommunications coordinator, one member of the senate appointed by the subcommittee on committees of the committee on rules and administration, one member of the house of representatives appointed by the speaker, one private college representative selected by the Minnesota private college council, a representative of the information policy office of the department of administration, the commissioner of education or designee to represent K-12 education, and one higher education coordinating board representative. The council shall:*

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) develop educational policy relating to telecommunications;

(3) determine priorities for use;

(4) oversee coordination with campuses, K-12 education, and regional educational telecommunications;

(5) require the use of the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources; and

(6) determine priorities for grant funding proposals.

The council shall consult with representatives of the telecommunication industry in implementing this subdivision.

Sec. 3. [REGIONAL LINKAGES.]

Subdivision 1. [GRANTS.] *The higher education coordinating board shall award grants to regional organizations of higher education institutions to establish or complete telecommunications links among campuses in a region and among campuses in different regions.*

The regional organizations shall use the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources.

Subd. 2. [APPLICATION PROCESS.] *The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The instructional telecommunications council shall review and comment on the proposals.*

Subd. 3. [CRITERIA.] *The higher education coordinating board shall evaluate proposals using the following criteria:*

(1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;

(2) plans for shared classes and programs;

(3) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(4) evidence of a formal governing structure; and

(5) a plan to assume the ongoing costs following the initial development for the continued operation of the project.

Sec. 4. [REGIONAL COORDINATION.]

Subdivision 1. [GRANTS.] *The higher education coordinating board shall award grants to regional organizations of higher education institutions to coordinate and manage regional telecommunications arrangements.*

Subd. 2. [APPLICATION PROCESS.] *The higher education coordinating board shall develop and publicize the process by which regional organizations may apply for grants. The instructional telecommunications council shall review and comment on the proposals.*

Subd. 3. [CRITERIA.] *The higher education coordinating board shall evaluate proposals using the following criteria:*

(1) evidence of cooperative arrangements with other post-secondary institutions and school districts in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of program and course duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses;

(7) a plan for evaluation of costs, access, and outcomes; and

(8) a plan to assume the ongoing costs following the initial development for the continued operation of the project.

Sec. 5. [EVALUATION.]

The higher education coordinating board shall evaluate the results of the grants provided under sections 3 and 4 and make recommendations to the legislature and governor regarding future funding, the success rate of the various grants, and other relevant information by January 15, 1995.

Sec. 6. [GRANT LIMITATIONS; PROPOSALS.]

All grants shall be used for direct costs only and shall not include indirect costs. The higher education coordinating board shall advise grant applicants that money used for regional linkages in section 3 and regional coordination in section 4 are for pilot projects. State money for the pilot projects shall be 90 percent of costs.

ARTICLE 6

FARMER-LENDER MEDIATION SERVICES

Section 1. Minnesota Statutes 1992, section 583.24, subdivision 4, is amended to read:

Subd. 4. [DEBTS.] The farmer-lender mediation act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the farmer-lender mediation act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within ~~45~~ *60* days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt; or

(5) for which there is a lien for rental value of farm machinery under section

514.661 or a lien for rental value relating to a contract for deed subject to the farmer-lender mediation act under section 559.2091.

Sec. 2. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37, Laws 1989, chapter 350, article 16, section 8, Laws 1990, chapter 525, section 1, and Laws 1991, chapter 208, section 2, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, ~~1993~~ *1995*.

ARTICLE 7

STUDENT HOUSING

Section 1. [VERMILION COMMUNITY COLLEGE STUDENT HOUSING.]

The state board for community colleges may acquire a site and construct, own, operate, furnish, and maintain one or more dormitories or other student residence facilities at Ely for the use and benefit of Vermilion Community College. Selection of a designer for the project is not subject to Minnesota Statutes, section 16B.33, subdivision 4. The higher education facilities authority may issue revenue bonds or other financial instruments for the facilities under Minnesota Statutes, sections 136A.25 to 136A.42, and the state board for community colleges may borrow the proceeds of the revenue bonds or other financial instruments to finance the acquisition, construction, and equipping of the student housing facilities. The board may enter into agreements and pledge revenues of the facilities as may be necessary to provide security for the bonds and may mortgage the financed facilities to the higher education facilities authority or to a trustee for the bondholders if considered necessary by the board or the authority for the successful marketing of the bonds. The state board for community colleges shall establish, maintain, revise when necessary, and collect rates and charges for the use of the student housing facilities. The rates and charges must be sufficient, as estimated by the board, to pay all expenses of operation and maintenance of the facilities, to pay principal of, and interest on, revenue bonds or other obligations or instruments when due, and to pay customary fees and charges of the higher education facilities authority and to establish and maintain the reserve funds that the board considers necessary for repair, replacement, and maintenance of the facilities. Funds and accounts established in furtherance of these purposes are not subject to Minnesota Statutes, section 136.67, subdivision 2, and are not subject to the budgetary control of the commissioner of finance. The board shall never be obligated to use other revenues of the board or funds of the state to pay the costs of construction, operation, maintenance, and repair of the facilities or to pay principal of and interest on obligations issued for these purposes. Notwithstanding any other law or rule or the city charter, the city of Ely may, without complying with the procedures set forth in Minnesota Statutes, chapter 475, guarantee all or any part of the loan repayment obligation of the board to the authority, by pledging its full faith and credit and taxing power. The guarantee is not subject to any limitation on net debt of the city, and taxes required to make any payment under the guarantee may be levied without limit as to rate or amount.

ARTICLE 8

SOUTHWEST ASIA VETERANS TRAINING

Section 1. Minnesota Statutes 1992, section 136C.13, subdivision 4, is amended to read:

Subd. 4. [~~VIETNAM~~ *SOUTHWEST ASIA* VETERAN'S EXEMPTION.] A ~~Vietnam~~ *Southwest Asia* veteran who enrolls in a ~~tuition free~~ technical college program ~~before July 1, 1990~~, and who is a Minnesota resident whose entire education has not included completion of at least one ~~tuition free~~ technical college program is ~~exempt from tuition~~ *eligible for a state grant of $500 per year if the veteran has GI Montgomery bill benefits, or $1,000 per year if the veteran does not have GI Montgomery bill benefits,* until the veteran has completed the lesser of (a) ~~440 technical college school days, or the equivalent as determined by the state board~~ *115 credits in a technical college program*, or (b) one technical college program. *The grant is based on full-time attendance and shall be prorated if the student is attending less than full time. To be eligible for the tuition relief, a veteran who is discharged before July 1, 1993, must enroll in a technical college by July 1, 1995, and a veteran who is discharged on or after July 1, 1993, must enroll in a technical college within two years of the date of discharge. All veterans enrolled under this program must maintain a minimum of six credits per quarter. Total grants may not exceed the available appropriation.*

"~~Vietnam~~ *Southwest Asia* veteran" for the purpose of this subdivision means a person who served in the active military service in any branch of the armed forces of the United States ~~after July 1, 1961, and before July 1, 1978,~~ *any time between August 1, 1990,* and *February 27, 1992,* who became eligible for the ~~Vietnam Expeditionary Medal or the Vietnam~~ *Southwest Asia* Service Medal as a result of the service, was a Minnesota resident at the time of induction into the armed forces and for the ~~six months~~ *one year* immediately preceding induction, and has been separated or discharged from active military service under conditions other than dishonorable.

ARTICLE 9

HIGHER EDUCATION BOARD

Section 1. [JOINT LEGISLATIVE COMMITTEE ON MERGING POST-SECONDARY EDUCATION SYSTEMS.]

Subdivision 1. [ESTABLISHMENT.] *A joint legislative committee on merging the post-secondary systems is created to provide a forum for communication between the higher education board and the legislature related to merging the state university, community college and technical college systems.*

Subd. 2. [MEMBERSHIP.] *The committee consists of ten members. Five members from the house shall be appointed by the speaker of the house. Five members from the senate shall be appointed by the subcommittee on committees of the committee on rules and administration. The committee must have representatives from the minority caucus of each house and from both rural and metropolitan areas.*

Subd. 3. [OFFICERS.] *The committee shall elect a chair and vice-chair from among its members. The chair must alternate annually between a*

member of the house and a member of the senate. When the chair is from one body, the vice-chair must be from the other body.

Subd. 4. [STAFF.] *The committee shall use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.*

Subd. 5. [DUTIES.] *The committee may review proposals, plans, and information provided by the higher education board. The committee shall give particular attention to: the educational quality and missions of the higher education system, the needs of students and system and campus employees, and fiscal considerations. The committee shall report on its work and its recommendations to the education committees of the 1994 and 1995 legislatures.*

Subd. 6. [INFORMATION COLLECTIONS; INTERGOVERNMENTAL COORDINATION.] *(a) The committee may conduct public hearings and otherwise collect data and information necessary to its purposes.*

(b) To facilitate coordination between executive and legislative authorities, the governor shall appoint a person to act as liaison between the committee and the governor.

Subd. 7. [EXPIRATION.] *This section expires on June 30, 1995.*

Sec. 2. [HIGHER EDUCATION BOARD BUDGET.]

The higher education board shall submit to the governor and legislature a unified budget request for the biennium ending June 30, 1997. The request shall compare the budgets of each merged system in 1994-1995 to the unified budget for 1996-1997.

Sec. 3. Minnesota Statutes 1992, section 136E.03, is amended to read:

136E.03 [MISSION.]

The mission of the board is to provide programs of study that meet the needs of students for occupational, general, baccalaureate, and graduate education. *The state universities, community colleges, and technical colleges shall have distinct missions.* The board shall develop administrative arrangements that make possible the efficient use of the facilities and staff of the ~~former~~ technical colleges, community colleges, and state universities for providing these several different programs of study, so that students may have the benefit of improved and broader course offerings, ease of transfer among schools and programs, integrated course credit, coordinated degree programs, and coordinated financial aid. In carrying out the merger of the three separate systems, the board shall control administrative costs by eliminating duplicative administrative positions and course offerings.

Sec. 4. Minnesota Statutes 1992, section 136E.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The board shall manage, supervise, and control the ~~former~~ technical colleges, community colleges, and state universities and all related property. It shall prescribe courses of study and conditions of admission, prepare and confer diplomas, and adopt suitable policies for the institutions it manages. Sections 14.01 to 14.47 do not apply to policies and procedures of the board.

Sec. 5. Laws 1991, chapter 356, article 9, section 8, is amended to read:

Sec. 8. [TRANSITIONAL PROVISIONS.]

Subdivision 1. [APPOINTMENTS TO BOARD.] Appointments to the higher education board must be made by July 1, 1991. Notwithstanding section 2, the initial higher education board consists of two members each from the state board of technical colleges, state board for community colleges, and the state university board, appointed by their respective boards and six members appointed by the governor. The governor's appointees may also be members of the current governing boards. The members appointed by boards must have been confirmed by the senate to the board from which they are appointed and served for at least one year on the board from which they were appointed. Initial higher education board members appointed by boards are not subject to further senate confirmation. Initial appointees of the governor are not subject to section 3. The governor shall appoint the student member July 1, 1995. Notwithstanding section 2, subdivision 2, the initial members of the higher education board must be appointed so that an equal number will have terms expiring in three, five, and seven years. To the extent possible, the initial board must have the geographic balance required by section 2.

Subd. 2. [INTERIM CHANCELLOR.] By November 1, 1991, the board shall hire a chancellor on an interim basis for the period ending June 30, 1995. Thereafter, the board shall conduct a search and hire a chancellor to serve on a continuing basis.

Subd. 3. [PERSONNEL.] The chancellor may hire employees necessary to carry out the transitional duties imposed by this section. The commissioner of employee relations shall cooperate with the chancellor to expedite hiring these employees. *The board shall report to the legislature on its staffing plans by July 15, 1993.*

Subd. 4. [TRANSITIONAL PLANNING PROCESS.] The board shall immediately after appointment commence planning for the merger of the technical college, community college, and state university systems. As part of the planning process, the board shall consult with the local advisory committees, representatives of student government organizations, and exclusive representatives of the employees of the state universities, community colleges, and technical colleges. The board shall complete a preliminary merger plan and timetable for the plan on or before ~~March 1, 1992~~ *September 1, 1993*. Copies of the plan shall be submitted to the chairs of the education, ~~appropriation~~ *ways and means*, and finance committees of the legislature.

Subd. 5. [RESTRUCTURING.] *By January 1, 1994,* the board shall submit a proposal to the legislature concerning the appropriate administrative structure for the educational institutions it governs. The board shall give special attention to the need to integrate the administration of programs of study now offered at institutions from different systems. The board, in cooperation with the department of employee relations and the department of administration, shall give special attention to the need to integrate administrative functions of the educational institutions it governs, including: (1) personnel, labor, and compensation policies; (2) purchases of supplies; and (3) management of property, and construction and repair of facilities. *Plans for the integration of each of these functions must be included in the proposal.*

Subd. 6. [SCHOOL DISTRICTS.] *By January 1, 1994,* the board shall, in cooperation with the commissioner of employee relations, submit proposals to the legislature concerning labor and other issues related to the transfer of technical colleges from school board governance.

By January 1, 1994, the board shall, in cooperation with the commissioner of administration, submit a proposal to the legislature concerning reimbursement to school districts for technical college property transferred to the board pursuant to section 9.

Subd. 7. [LEGAL SERVICES.] *By January 1, 1994,* the board shall submit to the legislature proposals for providing the board with adequate legal services.

Subd. 8. [ACCOUNTING SYSTEM.] *By January 1, 1995* the commissioner of finance shall submit proposals to the legislature that will enable the board to use a single accounting system in accord with generally accepted accounting principles for colleges and universities and eliminate the need to have a second system to account for its money in the state treasury.

Subd. 9. [BUDGET REQUESTS.] The board shall consult with the commissioner of finance, the chair of the senate finance committee, and the chair of the house ~~appropriations~~ *ways and means* committee and, *by January 1, 1994,* submit to the legislature a proposed format for its 1995 budget request. The higher education board shall use the format, as revised in accordance with instructions from the legislature, to present its budget request to the governor and the 1995 legislature.

Subd. 10. [INFORMATION.] *All plans and proposals required in this section must include timetables for implementation.*

Subd. 11. [INITIAL ADVISORY COUNCIL APPOINTMENTS.] Notwithstanding section 3, the initial members of the higher education board candidate advisory council must be appointed so that an equal number will have terms expiring in two, four, and six years.

Sec. 6. Laws 1991, chapter 356, article 9, section 10, is amended to read:

Sec. 10. [CURRENT EMPLOYEES.]

It is the policy of the state of Minnesota that any restructuring of the higher education systems be accomplished while ensuring that fair and equitable arrangements are carried out to protect the interests of higher education system employees, and while facilitating the best possible service to the public. The higher education board shall make every effort to train and retrain existing employees for a changing work environment *and shall report to the legislature on plans for this training by September 1, 1994.*

For employees whose positions will be eliminated by merging higher education systems, options presented to employees must include but not be limited to job and training opportunities necessary to qualify for another job within their current institution or a similar job in another institution. *The board shall report on its plans to eliminate positions by January 1, 1995.*

Implementation of this section, as well as procedures for notifying employees affected by the merger, must be negotiated in good faith under Minnesota Statutes, chapter 179A. Nothing in this section shall be construed as diminishing any rights defined in collective bargaining agreements under this chapter or Minnesota Statutes, chapter 179A."

Delete the title and insert:

"A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board

of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23."

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

Senate Conferees: (Signed) LeRoy A. Stumpf, Deanna Wiener, Leonard R. Price, Joanne E. Benson, Sam G. Solon

House Conferees: (Signed) Peter Rodosovich, John Dorn, Gene Pelowski, Jr., Anthony G. "Tony" Kinkel, Connie Morrison

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1407 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. 1407 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	Bertram	Day	Hanson	Johnson, D.J.
Beckman	Betzold	Finn	Hottinger	Johnson, J.B.
Benson, J.E.	Chmielewski	Flynn	Janezich	Johnston
Berg	Cohen	Frederickson	Johnson, D.E.	Kelly

Krentz	McGowan	Novak	Ranum	Spear
Kroening	Merriam	Oliver	Reichgott	Stevens
Laidig	Metzen	Olson	Riveness	Stumpf
Langseth	Moe, R.D.	Pappas	Robertson	Terwilliger
Lesewski	Mondale	Pariseau	Runbeck	Vickerman
Lessard	Morse	Piper	Sams	Wiener
Luther	Murphy	Pogemiller	Samuelson	
Marty	Neuville	Price	Solon	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1524, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1524 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1524

A bill for an act relating to taxation; providing conditions and requirements for the issuance of public debt and for the financial obligations of authorities; providing an exemption from the mortgage registration tax; providing an exemption from an ad valorem taxation for certain lease purchase property; providing a property tax exemption for certain property devoted to public use; amending Minnesota Statutes 1992, sections 80A.12, by adding a subdivision; 275.065, subdivision 7; 287.04; 447.45, subdivision 2; 475.67, subdivisions 3 and 13; and 501B.25; repealing Minnesota Rules, part 2875.3532.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1524, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its Rule 49 amendment labeled SCSF1419, adopted by the Senate May 4, 1993, and that the House concur in the Pogemiller amendments labeled SH1524A-6 and SH1524A50, adopted by the Senate May 10, 1993.

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

House Conferees: (Signed) Ann H. Rest, Steve Dehler, Jean Wagenius

Senate Conferees: (Signed) Lawrence J. Pogemiller, Carol Flynn, Gen Olson

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1524 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. 1524 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson	Laidig	Murphy	Sams
Benson, J.E.	Hanson	Langseth	Neuville	Samuelson
Berg	Hottinger	Larson	Oliver	Spear
Bertram	Janezich	Luther	Olson	Stevens
Betzold	Johnson, D.E.	Marty	Pappas	Stumpf
Chmielewski	Johnson, D.J.	McGowan	Pariseau	Terwilliger
Cohen	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Day	Johnston	Metzen	Ranum	Wiener
Dille	Kiscaden	Moe, R.D.	Riveness	
Finn	Krentz	Mondale	Robertson	
Flynn	Kroening	Morse	Runbeck	

Mr. Kelly and Ms. Lesewski voted in the negative.

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 584, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 584 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 584

A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivision 3; 237.51, subdivision 2; and 237.52, subdivision 2; repealing Laws 1987, chapter 308, section 8.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 584, 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. 584 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 237.49, is amended to read:

237.49 [COMBINED LOCAL ACCESS SURCHARGE.]

Each local telephone company shall collect from each subscriber an amount ~~or amounts~~ *per telephone access line* representing the total of the surcharges required under sections 237.52, 237.70, and 403.11. Amounts collected must be remitted to the department of administration in the manner prescribed in section 403.11. The department of administration shall divide the amounts received proportional to the individual surcharges and deposit them in the appropriate accounts. *A company or the billing agent for a company shall list the surcharges as one amount on a billing statement sent to a subscriber.*

Sec. 2. Minnesota Statutes 1992, section 237.50, subdivision 3, is amended to read:

Subd. 3. [COMMUNICATION IMPAIRED.] "Communication impaired" means certified as deaf, severely hearing impaired, ~~hard of hearing~~ *hard-of-hearing*, speech impaired, ~~or~~ deaf and blind, *or mobility impaired if the mobility impairment significantly impedes the ability to use standard customer premises equipment*.

Sec. 3. Minnesota Statutes 1992, section 237.50, subdivision 4, is amended to read:

Subd. 4. [COMMUNICATION DEVICE.] "Communication device" means a device that when connected to a telephone enables a communication-impaired person to communicate with another person utilizing the telephone system. A "communication device" includes a ring signaler, an amplification device, a telephone device for the deaf ~~with any auxiliary equipment~~, *a brailling device for use with a telephone, and any other device* the board deems necessary~~, and a telebraille unit~~.

Sec. 4. Minnesota Statutes 1992, section 237.50, is amended by adding a subdivision to read:

Subd. 4a. [DEAF.] *"Deaf" means a hearing impairment of such severity that the individual must depend primarily upon visual communication such as writing, lip reading, manual communication, and gestures.*

Sec. 5. Minnesota Statutes 1992, section 237.50, is amended by adding a subdivision to read:

Subd. 6a. [HARD-OF-HEARING.] *"Hard-of-hearing" means a hearing*

impairment resulting in a functional loss, but not to the extent that the individual must depend primarily upon visual communication.

Sec. 6. Minnesota Statutes 1992, section 237.50, subdivision 11, is amended to read:

Subd. 11. [~~MESSAGE~~ *TELECOMMUNICATION* RELAY SERVICE.] "~~Message~~ *Telecommunication* relay service" means a central statewide service through which a communication-impaired person, using a communication device, may send and receive messages to and from a non-communication-impaired person whose telephone is not equipped with a communication device and through which a non-communication-impaired person may, by using voice communication, send and receive messages to and from a communication-impaired person.

Sec. 7. Minnesota Statutes 1992, section 237.51, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The telecommunication access for communication-impaired persons board is established to establish and administer a program to distribute communication devices to eligible communication-impaired persons and to create and maintain a ~~message~~ *telecommunication* relay service.

Sec. 8. Minnesota Statutes 1992, section 237.51, subdivision 2, is amended to read:

Subd. 2. [MEMBERS.] The board consists of 12 persons to include:

(1) ~~the commissioner of the department of human services or the commissioner's designee;~~

~~(2)~~ the commissioner of the department of administration or the commissioner's designee;

~~(3) five~~ *(2) seven* communication-impaired persons appointed by the governor *at least three of whom reside outside a metropolitan county, as defined in section 473.121, subdivision 4, at the time of appointment, at least four of whom are deaf, one of whom is speech impaired, one of whom is mobility impaired, and one of whom is hard-of-hearing*;

~~(4)~~ *(3)* one person appointed by the governor who is a professional in the area of communications disabilities;

~~(5)~~ *(4)* one person appointed by the governor to represent the telephone company providing local exchange service to the largest number of persons;

~~(6)~~ *(5)* one member of the Minnesota Telephone Association appointed by the governor to represent other affected telephone companies; *and*

~~(7)~~ *(6)* one person appointed by the governor to represent companies providing inter-LATA interexchange telephone service; ~~and~~

~~(8) one person to represent the organization operating the message relay service to be appointed by the governor at the time the board contracts with the organization pursuant to section 237.54~~ *if the company with whom the person is employed does not have a contract to operate a telecommunication relay service under section 237.54 and agrees not to enter such a contract for at least one year after the person leaves the board.*

Sec. 9. Minnesota Statutes 1992, section 237.51, subdivision 4, is amended to read:

Subd. 4. [MEETINGS.] The board shall meet at least ~~monthly until December 31, 1988, and at least quarterly thereafter~~ *annually*.

Sec. 10. Minnesota Statutes 1992, 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~~ *telecommunication* 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) reestablish and fill the position of program administrator whose position is in the unclassified service *and establish and fill other positions in the classified service required to conduct the business of the board*;

(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~~ *board* determines that otherwise they will be economically harmed by implementation of sections 237.50 to 237.56.

Sec. 11. Minnesota Statutes 1992, section 237.51, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE SUPPORT.] The commissioner of the department of administration shall provide staff assistance not including the program administrator *and other board staff* who ~~is~~ *are* to be chosen by the board, administrative services, and office space under a contract with the board. The board shall reimburse the commissioner for services, staff, and space provided. The board may request necessary information from the supervising officer of any state agency.

Sec. 12. Minnesota Statutes 1992, section 237.52, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT.] The board shall annually recommend to the commission an adequate and appropriate mechanism to implement sections 237.50 to 237.56. *The public utilities commission shall review the board's budget for reasonableness and may modify the budget to the extent it is unreasonable.* The commission shall annually determine the funding mechanism to be used within 60 days of receipt of the recommendation of the program administrator and shall order the imposition of surcharges effective on the earliest practicable date. The commission shall establish a monthly charge no greater than ~~ten~~ *20* cents for each customer access line, including trunk equivalents as designated by the commission pursuant to section 403.11, subdivision 1.

Sec. 13. Minnesota Statutes 1992, section 237.52, subdivision 5, is amended to read:

Subd. 5. [EXPENDITURES.] Money in the fund may only be used for:

(1) expenses of the board, including personnel cost, public relations, board members' expenses, preparation of reports, and other reasonable expenses not to exceed 20 percent of total program expenditures;

(2) reimbursing the commissioner of human services for purchases made or services provided pursuant to section 237.53;

(3) reimbursing telephone companies for purchases made or services provided under section 237.53, subdivision 5; and

(4) contracting for establishment and operation of the ~~message~~ *telecommunication* relay service required by section 237.54.

All costs directly associated with the establishment of the board and program, the purchase and distribution of communication devices, and the establishment and operation of the ~~message~~ *telecommunication* relay service are either reimbursable or directly payable from the fund after authorization by the board. Notwithstanding section 16A.41, the board may advance money to the contractor of the ~~message~~ *telecommunication* relay service if the contractor establishes to the board's satisfaction that the advance payment is necessary for the operation of the service. The advance payment may be used only for working capital reserve for the operation of the service. The advance payment must be offset or repaid by the end of the contract fiscal year together with interest accrued from the date of payment.

Sec. 14. Minnesota Statutes 1992, section 237.54, is amended to read:

237.54 [~~MESSAGE~~ *TELECOMMUNICATION* RELAY SERVICE.]

Subdivision 1. [ESTABLISHMENT.] The board shall contract with an inter-LATA interexchange telephone service provider to establish a third-party ~~message~~ *telecommunication* relay service with an "800" number to enable telecommunication between communication-impaired persons and non-communication-impaired persons.

Subd. 2. [OPERATION.] The board shall contract with a local consumer organization that serves communication-impaired persons for operation of the ~~message~~ *telecommunication* relay system. The board shall contract with a local consumer organization that serves communication-impaired persons for operation of the ~~message~~ *telecommunication relay* system. *The board may contract with other than a local consumer organization if the board finds by at least a two-thirds majority vote that no local consumer organization is*

available to enter into or perform a reasonable contract to operate a telecommunications relay system. The operator of the system shall keep all messages confidential, shall train personnel in the unique needs of communication-impaired people, and shall inform communication-impaired persons and the public of the availability and use of the system. The operator shall not relay a message unless it originates or terminates through a communication device for the deaf or a ~~telebraille device~~ *brailling device for use with a telephone*.

Sec. 15. Minnesota Statutes 1992, section 237.55, is amended to read:

237.55 [REPORTS; PLANS.]

~~The board shall prepare a report for presentation to the commission not later than December 31, 1987, to include plans for distributing communication devices and establishing a third-party message relay service and a recommendation for a funding mechanism pursuant to section 237.52, subdivision 2. The provision of service required under sections 237.50 to 237.56 may begin when the plan is approved by the commission or March 1, 1988, whichever is earlier.~~

~~Beginning in 1988,~~ The board must prepare a report for presentation to the commission by ~~December~~ *January* 31 of each year ~~through the year 1992~~. Each report must review the accessibility of the telephone system to communication-impaired persons, review the ability of non-communication-impaired persons to communicate with communication-impaired persons via the telephone system, describe services provided, account for money received and disbursed annually for each aspect of the program to date, and include predicted future operation ~~until the final report~~.

~~The final report must, in detail, describe program operation and make recommendations for the funding and service level for necessary ongoing services. The commission may recommend changes in the program to the legislature throughout its operation and shall make a recommendation to the legislature by February 1, 1993, for the future provision and maintenance of the services.~~

Sec. 16. Minnesota Statutes 1992, section 595.02, subdivision 1, is amended to read:

Subdivision 1. [COMPETENCY OF WITNESSES.] Every person of sufficient understanding, including a party, may testify in any action or proceeding, civil or criminal, in court or before any person who has authority to receive evidence, except as provided in this subdivision:

(a) A husband cannot be examined for or against his wife without her consent, nor a wife for or against her husband without his consent, nor can either, during the marriage or afterwards, without the consent of the other, be examined as to any communication made by one to the other during the marriage. This exception does not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other or against a child of either or against a child under the care of either spouse, nor to a criminal action or proceeding in which one is charged with homicide or an attempt to commit homicide and the date of the marriage of the defendant is subsequent to the date of the offense, nor to an action or proceeding for nonsupport, neglect, dependency, or termination of parental rights.

(b) An attorney cannot, without the consent of the attorney's client, be examined as to any communication made by the client to the attorney or the attorney's advice given thereon in the course of professional duty; nor can any employee of the attorney be examined as to the communication or advice, without the client's consent.

(c) A member of the clergy or other minister of any religion shall not, without the consent of the party making the confession, be allowed to disclose a confession made to the member of the clergy or other minister in a professional character, in the course of discipline enjoined by the rules or practice of the religious body to which the member of the clergy or other minister belongs; nor shall a member of the clergy or other minister of any religion be examined as to any communication made to the member of the clergy or other minister by any person seeking religious or spiritual advice, aid, or comfort or advice given thereon in the course of the member of the clergy's or other minister's professional character, without the consent of the person.

(d) A licensed physician or surgeon, dentist, or chiropractor shall not, without the consent of the patient, be allowed to disclose any information or any opinion based thereon which the professional acquired in attending the patient in a professional capacity, and which was necessary to enable the professional to act in that capacity; after the decease of the patient, in an action to recover insurance benefits, where the insurance has been in existence two years or more, the beneficiaries shall be deemed to be the personal representatives of the deceased person for the purpose of waiving this privilege, and no oral or written waiver of the privilege shall have any binding force or effect except when made upon the trial or examination where the evidence is offered or received.

(e) A public officer shall not be allowed to disclose communications made to the officer in official confidence when the public interest would suffer by the disclosure.

(f) Persons of unsound mind and persons intoxicated at the time of their production for examination are not competent witnesses if they lack capacity to remember or to relate truthfully facts respecting which they are examined.

(g) A registered nurse, psychologist or consulting psychologist shall not, without the consent of the professional's client, be allowed to disclose any information or opinion based thereon which the professional has acquired in attending the client in a professional capacity, and which was necessary to enable the professional to act in that capacity.

(h) An interpreter for a person handicapped in communication shall not, without the consent of the person, be allowed to disclose any communication if the communication would, if the interpreter were not present, be privileged. For purposes of this section, a "person handicapped in communication" means a person who, because of a hearing, speech or other communication disorder, or because of the inability to speak or comprehend the English language, is unable to understand the proceedings in which the person is required to participate. The presence of an interpreter as an aid to communication does not destroy an otherwise existing privilege.

(i) Licensed chemical dependency counselors shall not disclose information or an opinion based on the information which they acquire from persons

consulting them in their professional capacities, and which was necessary to enable them to act in that capacity, except that they may do so:

(1) when informed consent has been obtained in writing, except in those circumstances in which not to do so would violate the law or would result in clear and imminent danger to the client or others;

(2) when the communications reveal the contemplation or ongoing commission of a crime; or

(3) when the consulting person waives the privilege by bringing suit or filing charges against the licensed professional whom that person consulted.

(j) A parent or the parent's minor child may not be examined as to any communication made in confidence by the minor to the minor's parent. A communication is confidential if made out of the presence of persons not members of the child's immediate family living in the same household. This exception may be waived by express consent to disclosure by a parent entitled to claim the privilege or by the child who made the communication or by failure of the child or parent to object when the contents of a communication are demanded. This exception does not apply to a civil action or proceeding by one spouse against the other or by a parent or child against the other, nor to a proceeding to commit either the child or parent to whom the communication was made or to place the person or property or either under the control of another because of an alleged mental or physical condition, nor to a criminal action or proceeding in which the parent is charged with a crime committed against the person or property of the communicating child, the parent's spouse, or a child of either the parent or the parent's spouse, or in which a child is charged with a crime or act of delinquency committed against the person or property of a parent or a child of a parent, nor to an action or proceeding for termination of parental rights, nor any other action or proceeding on a petition alleging child abuse, child neglect, abandonment or nonsupport by a parent.

(k) Sexual assault counselors may not be compelled to testify about any opinion or information received from or about the victim without the consent of the victim. However, a counselor may be compelled to identify or disclose information in investigations or proceedings related to neglect or termination of parental rights if the court determines good cause exists. In determining whether to compel disclosure, the court shall weigh the public interest and need for disclosure against the effect on the victim, the treatment relationship, and the treatment services if disclosure occurs. Nothing in this clause exempts sexual assault counselors from compliance with the provisions of sections 626.556 and 626.557.

"Sexual assault counselor" for the purpose of this section means a person who has undergone at least 40 hours of crisis counseling training and works under the direction of a supervisor in a crisis center, whose primary purpose is to render advice, counseling, or assistance to victims of sexual assault.

(l) A person cannot be examined as to any communication or document, including worknotes, made or used in the course of or because of mediation pursuant to an agreement to mediate. This does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because of this paragraph. This

paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

(m) A child under ten years of age is a competent witness unless the court finds that the child lacks the capacity to remember or to relate truthfully facts respecting which the child is examined. A child describing any act or event may use language appropriate for a child of that age.

(n) A communication assistant for a telecommunications relay system for communication-impaired persons shall not, without the consent of the person making the communication, be allowed to disclose communications made to the communication assistant for the purpose of relaying.

Sec. 17. Laws 1987, chapter 308, section 8, is amended to read:

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1987~~, and are repealed effective June 30, 1993~~.

Sec. 18. [REPORT BY TACIP BOARD.]

The telecommunication access for communication-impaired persons board shall report to the legislature by February 1, 1994, on the reasonableness of charging for toll calls made through the telecommunication relay service. The report shall include the economic and policy factors considered by the board.

Sec. 19. [PUBLIC UTILITIES COMMISSION TRANSITIONAL AUTHORITY.]

The public utilities commission is authorized to do all things necessary to ensure that a surcharge increase authorized by section 11 is implemented by July 1, 1993.

Sec. 20. [TELEPHONE SERVICE FOR THE BLIND.]

The department of public service shall study the feasibility of providing free directory and operator services to blind individuals. The study shall analyze the cost to rate payers if the cost of the free services is included as part of the rate for local service by a telephone company.

Sec. 21. [EFFECTIVE DATE.]

Sections 2 to 7, 9 to 13, 15, and 18 are effective July 1, 1993. Sections 8, 14, 17, and 19 are effective the day following final enactment.''

Delete the title and insert:

''A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; requiring studies and reports; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivisions 3, 4, 11, and by adding subdivisions; 237.51, subdivisions 1, 2, 4, 5, and 6; 237.52, subdivisions 2 and 5; 237.54; 237.55; and 595.02, subdivision 1; Laws 1987, chapter 308, section 8.''

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

House Conferees: (Signed) Loren Jennings, Teresa Lynch, Thomas Pugh

Senate Conferees: (Signed) Janet B. Johnson, John Marty, Dennis R. Frederickson

Ms. Johnson, J.B. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 584 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. 584 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	Frederickson	Laidig	Murphy	Runbeck
Beckman	Hanson	Langseth	Neuville	Sams
Benson, J.E.	Hottinger	Larson	Novak	Samuelson
Berg	Janezich	Lesewski	Oliver	Solon
Bertram	Johnson, D.E.	Luther	Olson	Spear
Betzold	Johnson, D.J.	Marty	Pappas	Stevens
Chmielewski	Johnson, J.B.	McGowan	Pariseau	Stumpf
Cohen	Johnston	Merriam	Piper	Terwilliger
Day	Kelly	Metzen	Pogemiller	Vickerman
Dille	Kiscaden	Moe, R.D.	Ranum	
Finn	Krentz	Mondale	Riveness	
Flynn	Kroening	Morse	Robertson	

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. 1225:

H.F. No. 1225: A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

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

Steensma, Wenzel and Hugoson have been appointed as such committee on the part of the House.

House File No. 1225 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 May 14, 1993

Mr. Morse moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1225, 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. 1529:

H.F. No. 1529: A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

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

Hausman, Munger and Wagenius have been appointed as such committee on the part of the House.

House File No. 1529 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 May 14, 1993

Mr. Pogemiller moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1529, 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. 1114 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1114 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1114

A bill for an act relating to game and fish; stamp design; training of hunting dogs; clothing requirements; raccoon season; rough fish taking by nonresidents; muskie size limits; taking of mussels; advance of matching funds; financing waterfowl development; defining "undressed bird"; regulating the taking of deer; regulating seasons on muskrat, mink, otter, and beaver; required license to take and condition of fish brought into the state from Canada; authorizing suspension of requirements upon action by Canadian

authorities; amending Minnesota Statutes 1992, sections 84.085, by adding a subdivision; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.091, subdivision 2; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.071; 97B.621, subdivision 1; 97B.911; 97B.915; 97B.921; 975.925; 97C.375; 97C.405; and 97C.701, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 1992, sections 97A.541; 97C.701, subdivisions 3, 4, and 5; 97C.705; and 97C.711.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1114, 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. 1114 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [84.085] [ADVANCE OF MATCHING FUNDS.]

The commissioner may advance funds appropriated for fish and wildlife programs to government agencies, the National Fish and Wildlife Foundation, federally recognized Indian tribes and bands, and private, nonprofit organizations for the purposes of securing nonstate matching funds for projects involving acquisition and improvement of fish and wildlife habitat and related research and management. The commissioner shall execute agreements for contracts with the matching parties under section 16B.06 prior to advancing any state funds. The agreement or contract shall contain provisions for return of the state's share and the matching funds within a period of time specified by the commissioner. The state's funds and the nonstate matching funds must be deposited in a separate account and expended solely for the purposes set forth in the agreement or contract. The commissioner shall enter into agreements or contracts only with the National Fish and Wildlife Foundation and federal and nonprofit authorities deemed by the commissioner to be dedicated to the purposes of the project.

Sec. 2. Minnesota Statutes 1992, section 86B.305, subdivision 1, is amended to read:

Subdivision 1. [UNDER AGE 13.] Except in case of an emergency, a person under age 13 may not operate or be allowed to operate a watercraft propelled by a motor with a factory rating of more than ~~24~~ *30* horsepower unless there is present in the watercraft, in addition to the operator, the operator's parent or legal guardian or at least one person of the age 18 or older.

Sec. 3. Minnesota Statutes 1992, section 86B.305, subdivision 2, is amended to read:

Subd. 2. [AGE 13 TO 17; PERMIT REQUIRED.] Except as provided in this subdivision, a person age 13 or older and younger than age 18 may not operate a motorboat powered by a motor over ~~24~~ *30* horsepower without

possessing a valid watercraft operator's permit from this state or from the operator's state of residence unless there is a person age 18 or older in the motorboat.

Sec. 4. Minnesota Statutes 1992, section 97A.015, is amended by adding a subdivision to read:

Subd. 26a. [IN-THE-ROUND.] *"In-the-round" means fish with heads, tails, fins, skins, and scales intact.*

Sec. 5. Minnesota Statutes 1992, section 97A.015, subdivision 49, is amended to read:

Subd. 49. [UNDRESSED BIRD.] "Undressed bird" means:

(1) a bird, excluding migratory waterfowl, *pheasant, Hungarian partridge, or grouse,* with feet and feathered head intact; ~~or~~

(2) a migratory waterfowl with a fully feathered wing *and head* attached*; or*

(3) a pheasant, Hungarian partridge, or grouse with one leg and foot or the fully feathered head or wing intact.

Sec. 6. Minnesota Statutes 1992, section 97A.045, subdivision 7, is amended to read:

Subd. 7. [DUTY TO ENCOURAGE STAMP *DESIGN AND* PURCHASES.] *(a)* The commissioner shall encourage the purchase of:

(1) Minnesota migratory waterfowl stamps by nonhunters interested in the migratory waterfowl preservation and habitat development;

(2) pheasant stamps by persons interested in pheasant habitat improvement; and

(3) trout and salmon stamps by persons interested in trout and salmon stream and lake improvement.

(b) The commissioner shall make rules governing contests for selecting a design for each stamp.

Sec. 7. [97A.127] [FINANCING WATERFOWL DEVELOPMENT.]

The commissioner may use funds appropriated for fish and wildlife programs for the purpose of developing, preserving, restoring, and maintaining waterfowl breeding grounds in Canada under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of projects that are acceptable to the governmental agency having jurisdiction over the land and water affected by the projects. The commissioner may execute agreements and contracts if the commissioner determines that use of the funds will benefit the migration of waterfowl into the state.

Sec. 8. Minnesota Statutes 1992, section 97A.531, is amended to read:

97A.531 [SHIPMENT OF WILD ANIMALS TAKEN IN CANADA.]

Subdivision 1. [SHIPPING COUPONS.] A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipment must have the shipping coupons

required for a shipment originating in the province where the animals were taken.

Subd. 2. [CONDITION OF FISH.] Fish that are lawfully taken and possessed in Canada ~~may~~ *must* be brought into the state ~~for filleting and packing and~~ *in-the-round. A violation of this subdivision is a misdemeanor, and in addition to any criminal penalty imposed, fish brought into or transported within the state contrary to this subdivision must be confiscated, and a penalty of $10 for each fish must be imposed.*

Subd. 3. [TRANSPORTATION.] *Fish lawfully taken in Canada* may be transported within the state or out of the state *by a nonresident, and by a resident possessing a Minnesota angling license.*

Subd. 4. [NOTICE.] *Any advertisement of fishing resorts or facilities in Canada in printed or broadcast form originating or distributed within the state must contain a summary of the requirement of subdivision 2, and penalty for noncompliance.*

Subd. 5. [CONDITIONS SUSPENDED.] *The commissioner of natural resources may suspend the requirements of subdivisions 2, 3, and 4 whenever Canadian laws or regulations imposing certain fees known as DAVT, or the "daily angling validation tag" are repealed, rescinded, or modified.*

Sec. 9. Minnesota Statutes 1992, section 97B.005, subdivision 2, is amended to read:

Subd. 2. [RESTRICTION ON AMMUNITION WHILE TRAINING.] A person ~~that is~~ training a dog afield and carrying a firearm may only have blank cartridges and shells in personal possession when the season is not open for any game bird, *except as provided in subdivision 3.*

Sec. 10. Minnesota Statutes 1992, section 97B.005, subdivision 3, is amended to read:

Subd. 3. [PERMITS FOR ORGANIZATIONS *AND INDIVIDUALS* TO USE GAME BIRDS AND FIREARMS.] The commissioner may issue special permits, without a fee, to organizations *and individuals* to use firearms and live ammunition on domesticated birds or banded game birds from game farms for holding field trials and training ~~retrieving~~ *hunting* dogs.

Sec. 11. Minnesota Statutes 1992, section 97B.041, is amended to read:

97B.041 [POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.]

A person may not possess a firearm or ammunition outdoors during the period beginning the ~~tenth~~ *fifth* day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) an unloaded firearm that is in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle and only short, long, and long rifle cartridges that are caliber of .22 inches;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

Sec. 12. Minnesota Statutes 1992, section 97B.045, is amended to read:

97B.045 [TRANSPORTATION OF FIREARMS.]

Subdivision 1. [RESTRICTIONS.] A person may not transport a firearm in a motor vehicle unless the firearm is:

(1) unloaded and in a gun case expressly made to contain a firearm, and the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and without any portion of the firearm exposed;

(2) unloaded and in the closed trunk of a motor vehicle; or

(3) a handgun carried in compliance with sections 624.714 and 624.715.

Subd. 2. [EXCEPTION FOR DISABLED PERSONS.] *The restrictions in subdivision 1 do not apply to a disabled person if:*

(1) the person possesses a permit under section 97B.055, subdivision 3;

(2) the person is participating in a hunt sponsored by a nonprofit organization under a permit from the commissioner or is hunting on property owned or leased by the person; and

(3) the firearm is not loaded in the chamber until the vehicle is stationary, or is a hinge action firearm with the action open until the vehicle is stationary.

Sec. 13. Minnesota Statutes 1992, section 97B.071, is amended to read:

97B.071 [RED OR BLAZE ORANGE REQUIREMENTS.]

A person may not hunt or trap during the open season in a zone or area where deer may be taken by firearms, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is bright red or blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. *This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location.*

Sec. 14. Minnesota Statutes 1992, section 97B.111, is amended to read:

97B.111 [SPECIAL FIREARM HUNTING SEASONS FOR PHYSICALLY DISABLED.]

Subdivision 1. [ESTABLISHMENT; REQUIREMENTS.] The commissioner may establish criteria, special seasons, and limits for persons who have a physical disability to take big game and small game with firearms and by archery in designated areas. A person hunting under this section who has a physical disability must have a verified statement of the disability by a licensed physician and must be participating in a program for physically disabled hunters sponsored by a nonprofit organization *that is permitted under*

subdivision 2. A license is not required for a person to assist a physically disabled person hunting during a special season under this section.

Subd. 2. [PERMIT FOR ORGANIZATION.] *(a) The commissioner may issue a special permit without a fee to a nonprofit organization to provide an assisted hunting opportunity to physically disabled hunters. The assisted hunting opportunity may take place:*

(1) in areas designated by the commissioner under subdivision 1; or

(2) on private property or a licensed shooting preserve.

(b) The sponsoring organization shall provide a physically capable person to assist each disabled hunter with safety-related aspects of hunting.

(c) The commissioner may impose reasonable permit conditions.

Sec. 15. Minnesota Statutes 1992, section 97B.211, subdivision 1, is amended to read:

Subdivision 1. [POSSESSION OF FIREARMS PROHIBITED.]*(a) Except as provided in paragraph (b),* a person may not take big game by archery while in possession of a firearm.

(b) A person may take bear by archery while in possession of a handgun specified in section 97B.031, subdivision 1.

Sec. 16. Minnesota Statutes 1992, section 97B.301, subdivision 4, is amended to read:

Subd. 4. [TAKING ~~TWO~~ *MORE THAN ONE* DEER.] The commissioner may, by rule, allow a person to take ~~two~~ *more than one* deer. The commissioner shall prescribe the conditions for taking the ~~second~~ *additional* deer including:

(1) taking by firearm or archery;

(2) obtaining ~~an~~ additional ~~license~~ *licenses; and*

(3) payment of a fee not more than the fee for a firearms deer license*; and*

(4) the total number of deer that an individual may take.

Sec. 17. Minnesota Statutes 1992, section 97B.301, is amended by adding a subdivision to read:

Subd. 6. [RESIDENTS UNDER AGE 16 MAY TAKE DEER OF EITHER SEX.] *(a) A resident under the age of 16 may take a deer of either sex. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.*

(b) This subdivision is repealed effective December 31, 1994.

Sec. 18. Minnesota Statutes 1992, section 97B.311, is amended to read:

97B.311 [DEER SEASONS AND RESTRICTIONS.]

(a) The commissioner may, by rule, prescribe restrictions and designate areas where deer may be taken. The commissioner may, by rule, prescribe the open seasons for deer within the following periods:

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31.

(b) Notwithstanding paragraph (a), the commissioner may establish special seasons within designated areas between September 1 and January 15.

Sec. 19. Minnesota Statutes 1992, section 97B.621, subdivision 1, is amended to read:

Subdivision 1. [SEASON.] The statewide open season for raccoon may be ~~prescribed~~ *set* by the commissioner ~~between October 15 and December 31~~.

Sec. 20. Minnesota Statutes 1992, section 97B.901, is amended to read:

97B.901 [COMMISSIONER MAY REQUIRE TAGS ON FUR-BEARING ANIMALS.]

The commissioner may, by rule, require persons taking, *possessing, and transporting* fur-bearing animals to tag the animals ~~where they are taken~~. The commissioner shall prescribe the manner of issuance and the type of tag, which must show the year of issuance. The commissioner shall issue the tag, without a fee, upon request.

Sec. 21. Minnesota Statutes 1992, section 97B.911, is amended to read:

97B.911 [MUSKRAT SEASONS.]

The commissioner may establish open seasons *and restrictions* for *taking* muskrat ~~between October 25 and April 30. The open season in an area may not exceed 90 days. The commissioner may prescribe restrictions for the taking of muskrat~~.

Sec. 22. Minnesota Statutes 1992, section 97B.915, is amended to read:

97B.915 [MINK SEASONS.]

The commissioner may establish open seasons *and restrictions* for *taking* mink ~~between October 25 and April 30. The open season in an area may not exceed 90 days. The commissioner may prescribe restrictions for the taking of mink~~.

Sec. 23. Minnesota Statutes 1992, section 97B.921, is amended to read:

97B.921 [OTTER SEASONS.]

The commissioner may establish open seasons *and restrictions* for *taking* otter ~~between October 25 and April 30. Otter may be taken only by trapping and the taking is subject to restrictions prescribed by the commissioner~~.

Sec. 24. Minnesota Statutes 1992, section 97B.925, is amended to read:

97B.925 [BEAVER SEASONS.]

The commissioner may establish open seasons *and restrictions* for *taking* beaver ~~between October 25 and April 30. Beaver may be taken only by trapping and the taking is subject to restrictions prescribed by the commissioner~~.

Sec. 25. Minnesota Statutes 1992, section 97C.081, is amended by adding a subdivision to read:

Subd. 4. [ICE FISHING CONTEST IN CONJUNCTION WITH RAFFLE.] *An organization that is permitted under this section and licensed by the lawful gambling control board to conduct raffles may conduct a raffle in conjunction with an ice fishing contest. The organization may sell a combined ticket for a single price for the ice fishing contest and raffle, provided that the combined ticket states in at least 8-point type the amount of the price that applies to the ice fishing contest and the amount that applies to the raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle.*

Sec. 26. Minnesota Statutes 1992, section 97C.375, is amended to read:

97C.375 [TAKING ROUGH FISH BY SPEARING OR ARCHERY.]

A resident *or nonresident* may take rough fish by spearing or archery during the times, in waters, and in the manner prescribed by the commissioner.

Sec. 27. Minnesota Statutes 1992, section 97C.515, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL PERMITS.] *(a) The commissioner may issue a special permit, without a fee, to allow a person with a private fish hatchery license to import minnows from other states for export. A permit under this subdivision is not required for importation authorized under subdivision 4.*

(b) An applicant for a permit under this subdivision shall submit to the commissioner sufficient information to identify potential threats to native plant and animal species and an evaluation of the feasibility of the proposal. The permit may include reasonable restrictions on importation, transportation, possession, containment, and disposal of minnows to ensure that native species are protected. The permit may have a term of up to two years and may be modified, suspended, or revoked by the commissioner for cause, including violation of a condition of the permit.

Sec. 28. Minnesota Statutes 1992, section 97C.701, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S AUTHORITY.] The commissioner may *by rule set size limits and* prescribe conditions for *the* taking, *possession, transportation, sale, and purchase of* mussels.

Sec. 29. Minnesota Statutes 1992, section 97C.701, is amended by adding a subdivision to read:

Subd. 1a. [HAND-PICKING REQUIRED.] *A person may only harvest mussels by hand-picking.*

Sec. 30. Minnesota Statutes 1992, section 97C.705, subdivision 1, is amended to read:

Subdivision 1. [OPEN ~~SEASON~~ *SEASONS.*] *(a)* The open season for taking mussels is from May 16 to the last day of February.

(b) The commissioner may by rule restrict the open season for taking mussels for commercial purposes.

Sec. 31. Minnesota Statutes 1992, section 97C.711, is amended to read:

97C.711 [~~MUSSEL SIZE LIMITS~~ *UNDERSIZED MUSSELS.*]

~~A person may not take mussels less than 1-3/4 inches in the greatest~~

~~dimension, except pigtoes.~~ A person must return undersized mussels to the water without injury.

Sec. 32. [REPEALER.]

Minnesota Statutes 1992, sections 97A.541; and 97C.701, subdivisions 2, 3, 4, and 5, are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 2 and 3 are effective June 1, 1993. Section 8 is effective March 1, 1994."

Delete the title and insert:

"A bill for an act relating to game and fish; funding for wildlife habitat; defining terms; possession of firearms in deer zones; stamp design; financing waterfowl development; shipment of wild animals taken in Canada; training of hunting dogs; transportation of firearms by disabled hunters; clothing requirements; firearms permits for disabled; taking of deer; nonresident fish house license fees; seasons for taking raccoon, muskrat, mink, otter, and beaver; seasons for and tagging of fur-bearing animals; ice fishing contests in conjunction with raffles; rough fish taking by nonresidents; importation of minnows; taking, possession, transportation, sale, and purchase of mussels; use of certain appropriated funds; amending Minnesota Statutes 1992, sections 86B.305, subdivisions 1 and 2; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.045; 97B.071; 97B.111; 97B.211, subdivision 1; 97B.301, subdivision 4, and by adding a subdivision; 97B.311; 97B.621, subdivision 1; 97B.901; 97B.911; 97B.915; 97B.921; 97B.925; 97C.081, by adding a subdivision; 97C.375; 97C.515, by adding a subdivision; 97C.701, subdivision 1, and by adding a subdivision; 97C.705, subdivision 1; and 97C.711; proposing coding for new law in Minnesota Statutes, chapters 84; and 97A; repealing Minnesota Statutes 1992, sections 97A.541; and 97C.701, subdivisions 2, 3, 4, and 5."

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

House Conferees: (Signed) Bob Milbert, Irv Anderson, Charlie Weaver

Senate Conferees: (Signed) Charles A. Berg, Bob Lessard, Pat Pariseau

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1114 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. 1114 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	Berg	Dille	Hanson	Johnson, J.B.
Beckman	Bertram	Finn	Hottinger	Kelly
Belanger	Betzold	Flynn	Johnson, D.E.	Kiscaden
Benson, J.E.	Cohen	Frederickson	Johnson, D.J.	Krentz

Kroening	McGowan	Neuville	Pogemiller	Spear
Laidig	Merriam	Novak	Price	Stevens
Langseth	Metzen	Oliver	Ranum	Stumpf
Larson	Moe, R.D.	Olson	Robertson	Terwilliger
Lessard	Mondale	Pappas	Runbeck	Vickerman
Luther	Morse	Pariseau	Sams	Wiener
Marty	Murphy	Piper	Solon	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 988, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 988 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 988

A bill for an act relating to game and fish; allowing the taking of two deer in designated counties; amending Minnesota Statutes 1992, section 97B.301, subdivisions 2, 4, and by adding a subdivision.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 988, 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. 988 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [AUTHORIZATION TO TAKE TWO DEER IN CERTAIN COUNTIES.]

Notwithstanding Minnesota Statutes, section 97B.301, subdivision 2, during the 1993 and 1994 hunting seasons, in Kittson, Lake of the Woods, Marshall, and Roseau counties a person may obtain one firearms deer license and one archery deer license in the same license year and may take one deer under each license."

Delete the title and insert:

"A bill for an act relating to game and fish; allowing the taking of two deer in designated counties during the 1993 and 1994 hunting seasons."

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

House Conferees: (Signed) Wally Sparby, Jim Tunheim, Brad Stanius

Senate Conferees: (Signed) LeRoy A. Stumpf, Bob Lessard, Dennis R. Frederickson

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 988 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. 988 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	Frederickson	Langseth	Murphy	Samuelson
Beckman	Hanson	Larson	Neuville	Solon
Belanger	Hottinger	Lesewski	Oliver	Spear
Benson, J.E.	Johnson, D.E.	Lessard	Olson	Stevens
Berg	Johnson, D.J.	Luther	Pariseau	Stumpf
Bertram	Johnson, J.B.	Marty	Piper	Terwilliger
Betzold	Johnston	McGowan	Pogemiller	Vickerman
Cohen	Kelly	Merriam	Price	Wiener
Day	Kiscaden	Metzen	Ranum	
Dille	Krentz	Moe, R.D.	Robertson	
Finn	Kroening	Mondale	Runbeck	
Flynn	Laidig	Morse	Sams	

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

House File No. 574 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 574

A bill for an act relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; amending Minnesota Statutes 1992, sections 3A.02, subdivision 1, and by adding a subdivision; 352.01, subdivisions 2b, and by adding a subdivision; 352.03, subdivisions 4, 4a, and 6; 352.04, subdivision 9; 352.113, subdivisions 2, 4,

and 7; 352.115, subdivision 8; 352.12, subdivisions 1, 2, 3, 4, 7, 10, and 13; 352.15, subdivision 1a, and by adding subdivisions; 352.22, subdivisions 1 and 2; 352.23; 352.85, subdivision 4; 352.93, subdivision 2a; 352.94; 352.95, subdivisions 1, 2, 3, and 5; 352.951; 352.96, subdivisions 3 and 4; 352B.01, subdivisions 3 and 11; 352B.08, subdivisions 1 and 2a; 352B.10, subdivisions 1, 2, and 5; 352B.101; 352B.105; 352B.11, subdivision 2; 352C.01; 352C.021; 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352D.015, subdivision 4; 352D.02, subdivision 3, and by adding a subdivision; 352D.04, subdivision 1; 352D.05, subdivisions 1, 3, and 4; 352D.09, subdivision 5, and by adding subdivisions; 353.01, subdivisions 2, 2a, 2b, 6, 7, 10, 11a, 12, 16, 28, 31, 32, and by adding subdivisions; 353.017; 353.27, subdivision 7; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 2, 3, 4, 6, 8, 11, and by adding a subdivision; 353.34, subdivisions 1 and 3; 353.35; 353.37; 353.64, subdivisions 1 and 5a; 353.656, subdivisions 1, 1a, 3, 5, and by adding subdivisions; 353A.08, subdivisions 1, 3, and 5; 353A.10, subdivision 4; 353B.11, subdivision 6; 353C.08, subdivisions 1 and 2; 353D.02; 353D.04; 353D.05, subdivision 3; 353D.07, subdivision 2; 354.35; 354.46, subdivisions 1 and 2; 354.48, subdivisions 3 and 10; 356.302, subdivisions 4 and 6; 356.453; 356.61; and 490.124, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 3A; repealing Minnesota Statutes 1992, sections 3A.06; 352.01, subdivision 7; 352.12, subdivision 5; 352.22, subdivision 9; 352.73; 352B.01, subdivision 2a; 352B.131; 352B.14; 352B.261; 352B.262; 352B.28; 352D.05, subdivision 5; and 353.656, subdivision 6.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 574, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments

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

House Conferees: (Signed) Leo J. Reding, Phyllis Kahn, Jerry Knickerbocker, Mindy Greiling, Bob Johnson

Senate Conferees: (Signed) LeRoy A. Stumpf, Phil J. Riveness, Roy W. Terwilliger, Steven Morse, Cal Larson

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 574 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. 574 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	Frederickson	Kroening	Mondale	Ranum
Beckman	Hanson	Laidig	Morse	Robertson
Belanger	Hottinger	Langseth	Neuville	Runbeck
Benson, J.E.	Johnson, D.E.	Larson	Novak	Sams
Berg	Johnson, D.J.	Luther	Oliver	Solon
Bertram	Johnson, J.B.	Marty	Olson	Spear
Betzold	Johnston	McGowan	Pariseau	Stevens
Cohen	Kelly	Merriam	Piper	Stumpf
Dille	Kiscaden	Metzen	Pogemiller	Terwilliger
Finn	Krentz	Moe, R.D.	Price	Vickerman

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has 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. 1320: A bill for an act relating to education; requiring changes in college preparation requirements.

There has been appointed as such committee on the part of the House:

Olson, K.; Tunheim and Ness.

Senate File No. 1320 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 532: A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

There has been appointed as such committee on the part of the House:

Dawkins, Skoglund and Macklin.

Senate File No. 532 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1437: A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

There has been appointed as such committee on the part of the House:

Jacobs, Jennings and Gruenes.

Senate File No. 1437 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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

S.F. No. 413: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in St. Louis county; authorizing the conveyance of certain Willmar regional treatment center land to Kandiyohi county.

Senate File No. 413 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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

S.F. No. 236: A bill for an act relating to domestic abuse; requiring a report on victims of domestic abuse and eligibility for unemployment compensation benefits.

Senate File No. 236 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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

S.F. No. 512: A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

Senate File No. 512 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Kroening introduced—

Senate Resolution No. 46: A Senate resolution congratulating Kevin Wilson, Minneapolis, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Ms. Wiener moved that S.F. No. 1108, No. 12 on General Orders, be stricken and re-referred to the Committee on Commerce and Consumer Protection. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 639 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 639: A bill for an act relating to insurance; Medicare supplement; regulating coverages; conforming state law to federal requirements; making technical changes; amending Minnesota Statutes 1992, sections 62A.31, subdivisions 1, 4, and by adding a subdivision; 62A.315; 62A.316; 62A.318; 62A.36, subdivision 1; 62A.39; 62A.436; and 62A.44, subdivision 2; Laws 1992, chapter 554, article 1, section 18.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Beckman	Frederickson	Larson	Novak	Solon
Belanger	Hanson	Lesewski	Oliver	Spear
Benson, J.E.	Hottinger	Lessard	Olson	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, J.B.	Marty	Piper	Terwilliger
Betzold	Johnston	McGowan	Pogemiller	Vickerman
Cohen	Kiscaden	Merriam	Ranum	Wiener
Day	Krentz	Moe, R.D.	Robertson	
Dille	Kroening	Morse	Runbeck	
Finn	Laidig	Murphy	Sams	
Flynn	Langseth	Neuville	Samuelson	

So the bill passed and its title was agreed to.

Mr. Chmielewski moved that S.F. No. 192 be taken from the table. The motion prevailed.

S.F. No. 192: A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Aitkin county.

CONCURRENCE AND REPASSAGE

Mr. Chmielewski moved that the Senate concur in the amendments by the House to S.F. No. 192 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 192: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited and other state land that borders public water in Aitkin county.

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 4, as follows:

Those who voted in the affirmative were:

Beckman	Dille	Knutson	McGowan	Runbeck
Belanger	Finn	Krentz	Moe, R.D.	Sams
Benson, J.E.	Flynn	Kroening	Morse	Samuelson
Berg	Frederickson	Laidig	Murphy	Solon
Berglin	Hanson	Langseth	Neuville	Spear
Bertram	Hottinger	Larson	Olson	Stevens
Betzold	Johnson, D.E.	Lesewski	Pariseau	Stumpf
Chandler	Johnson, D.J.	Lessard	Piper	Terwilliger
Chmielewski	Johnson, J.B.	Luther	Pogemiller	Vickerman
Day	Kiscaden	Marty	Ranum	Wiener

Ms. Johnston, Messrs. Merriam, Oliver and Ms. Robertson voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 653 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 653

A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 653, 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. 653 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 164.08, subdivision 2, is amended to read:

Subd. 2. [MANDATORY ESTABLISHMENT; CONDITIONS.] Upon petition presented to the town board by the owner of a tract of land containing at least five acres, who has no access thereto except over the lands of others, or whose access thereto is less than two rods in width, the town board by resolution shall establish a cartway at least two rods wide connecting the petitioner's land with a public road. *The town board may select an alternative route other than that petitioned for if the alternative is deemed by the town board to be less disruptive and damaging to the affected landowners and in the public's best interest.* In an unorganized territory, the board of county commissioners of the county in which the tract is located shall act as the town board. The proceedings of the town board shall be in accordance with section 164.07. The amount of damages shall be paid by the petitioner to the town before such cartway is opened. For the purposes of this subdivision damages shall mean the compensation, if any, awarded to the owner of the land upon which the cartway is established together with the cost of professional and other services which the town may incur in connection with the proceedings for the establishment of the cartway. The town board may by resolution require the petitioner to post a bond or other security acceptable to the board for the total estimated damages before the board takes action on the petition.

Town road and bridge funds shall not be expended on the cartway unless the town board, or the county board acting as the town board in the case of a cartway established in an unorganized territory, by resolution determines that an expenditure is in the public interest. If no resolution is adopted to that effect, the grading or other construction work and the maintenance of the cartway is the responsibility of the petitioner, subject to the provisions of section 164.10. After the cartway has been constructed the town board, or the county board in the case of unorganized territory, may by resolution designate the cartway as a private driveway with the written consent of the affected landowner in which case from the effective date of the resolution no town road and bridge funds shall be expended for maintenance of the driveway; provided that the cartway shall not be vacated without following the vacation proceedings established under section 164.07.

Sec. 2. [ESTABLISHMENT OF AN OFFICE OF DEPUTY REGISTRAR OF MOTOR VEHICLES IN DEER RIVER.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar, the Itasca county auditor may, with the approval of the registrar of motor vehicles, appoint an officer or employee of the city of Deer River to operate a registration and motor vehicle tax collection bureau in the city of Deer River. All other provisions regarding the appointment and operation of a deputy registrar office under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, apply to the office.

Sec. 3. [EFFECTIVE DATE.]

Section 2 shall become effective the day following final enactment without local approval as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a)."

Delete the title and insert:

"A bill for an act relating to local government; providing conditions for the establishment of town roads; providing for a deputy registrar of motor vehicles; amending Minnesota Statutes 1992, section 164.08, subdivision 2."

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

Senate Conferees: (Signed) Bob Lessard, Steve Dille

House Conferees: (Signed) Irv Anderson, Loren A. Solberg, Kevin Goodno

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 653 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. 653 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 39 and nays 16, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Mondale	Samuelson
Beckman	Dille	Krentz	Morse	Solon
Berg	Finn	Kroening	Murphy	Stevens
Berglin	Flynn	Laidig	Novak	Stumpf
Bertram	Hanson	Lessard	Pariseau	Terwilliger
Chandler	Hottinger	Luther	Piper	Vickerman
Chmielewski	Johnson, D.J.	Marty	Pogemiller	Wiener
Cohen	Johnson, J.B.	Moe, R.D.	Sams	

Those who voted in the negative were:

Belanger	Frederickson	Kiscaden	McGowan	Olson
Benson, D.D.	Johnson, D.E.	Larson	Neuville	Ranum
Benson, J.E.	Johnston	Lesewski	Oliver	Runbeck
Betzold				

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 427:

H.F. No. 427: A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Winter; Rest; Long; Anderson, I. and Osthoff have been appointed as such committee on the part of the House.

House File No. 427 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 May 13, 1993

Ms. Pappas moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 427, 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. 31:

H.F. No. 31: A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

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

Kahn, Evans and Orenstein have been appointed as such committee on the part of the House.

House File No. 31 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 May 14, 1993

Ms. Pappas moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 31, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 514: Messrs. Novak, Morse and Dille.

S.F. No. 869: Messrs. Lessard, Chmielewski and Frederickson.

H.F. No. 1529: Messrs. Pogemiller, Stumpf and Morse.

H.F. No. 427: Ms. Pappas, Mr. Johnson, D.J.; Mses. Flynn, Reichgott and Mr. Belanger.

H.F. No. 1225: Messrs. Morse, Bertram and Ms. Krentz.

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

RECONSIDERATION

Mr. Beckman moved that the vote whereby H.F. No. 10 was passed by the Senate on May 14, 1993, be now reconsidered. The motion prevailed.

Mr. Beckman then moved that H.F. No. 10 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mrs. Benson, J.E.; Ms. Ranum, Messrs. Johnson, D.E.; McGowan and Merriam introduced—

S.F. No. 1648: A resolution memorializing the President and Congress to enact the Children's Violence Protection Act of 1993.

Referred to the Committee on Crime Prevention.

Mr. Marty, Ms. Wiener, Messrs. Moe, R.D.; Murphy and Morse introduced—

S.F. No. 1649: A bill for an act relating to state government; requiring disclosure by legislators and agency heads of certain expense reimbursements; proposing coding for new law in Minnesota Statutes, chapter 15A.

Referred to the Committee on Governmental Operations and Reform.

Messrs. Johnson, D.E.; McGowan and Mrs. Pariseau introduced—

S.F. No. 1650: A bill for an act relating to campaign reform; limiting noncampaign disbursements to items specified by law; requiring lobbyists and political committees and funds to include their registration number on contributions; prohibiting certain "friends of" committees; requiring reports by certain solicitors of campaign contributions; limiting certain contributions; changing the judicial ballot; regulating related committees; changing expenditure limits; limiting use of contributions carried forward; requiring unused postage to be carried forward as an expenditure; requiring certain notices; changing contribution limits; limiting contributions by political parties; prohibiting transfers from one candidate to another, with certain exceptions; limiting contributions by certain political committees, funds, and individuals; eliminating public subsidies to unopposed candidates; changing requirements for the income tax check-off; clarifying filing requirements for candidate agreements and the duration of the agreements; providing for distribution of public subsidies; requiring return of public subsidies under certain conditions; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring certain reports; providing transition language; defining certain terms; clarifying certain language; imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivisions 10b, 10c, 13, and by adding subdivisions; 10A.04, by adding a subdivision; 10A.065, subdivisions 1 and 5; 10A.14, subdivision 2; 10A.15, by adding subdivisions; 10A.16; 10A.17, subdivisions 4 and 5; 10A.19, subdivision 1; 10A.20, subdivisions 2, 3, and by adding subdivisions; 10A.24, subdivision 1; 10A.25, subdivisions 2, 6, 10, and by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.28, subdivision 2;

10A.31, subdivisions 3a, 6, 7, 10, and by adding a subdivision; 10A.315; 10A.322, subdivisions 1 and 2; 10A.323; 10A.324, subdivisions 1, 3, and by adding a subdivision; 204B.36, subdivision 4; 211B.12; 211B.15; and 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapter 211A; repealing Minnesota Statutes 1992, sections 10A.27, subdivision 6; 10A.31, subdivisions 8 and 9; 488A.021, subdivision 3; and 488A.19, subdivision 2.

Referred to the Committee on Ethics and Campaign Reform.

Mr. Merriam introduced—

S.F. No. 1651: A bill for an act relating to local government; requiring publicly owned or leased motor vehicles to be identified; proposing coding for new law in Minnesota Statutes, chapter 471.

Referred to the Committee on Metropolitan and Local Government.

Messrs. Knutson, Betzold, Ms. Robertson, Messrs. Spear and Neuville introduced—

S.F. No. 1652: A bill for an act relating to collection and dissemination of data; enacting the uniform criminal history records act; prescribing penalties; amending Minnesota Statutes 1992, section 13.82, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 13D; repealing Minnesota Statutes 1992, section 13.87.

Referred to the Committee on Crime Prevention.

Messrs. Lessard and Chmielewski introduced—

S.F. No. 1653: A bill for an act relating to capital improvements; appropriating money for the Long Lake conservation center in Aitkin county; authorizing the sale of state bonds.

Referred to the Committee on Finance.

Ms. Runbeck introduced—

S.F. No. 1654: A bill for an act relating to the legislature; requiring business impact notes for bills affecting business; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Rules and Administration.

Messrs. Kelly, Chmielewski, Langseth, Berg and Larson introduced—

S.F. No. 1655: A bill for an act relating to judgments; providing for the withholding of conciliation court judgments from tax refunds; amending Minnesota Statutes 1992, sections 13.69, subdivision 1; 270B.14, by adding a subdivision; and 289A.50, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 487.

Referred to the Committee on Judiciary.

Messrs. Hottinger, Morse, Ms. Wiener, Mr. Johnson, D.E. and Ms. Runbeck introduced—

S.F. No. 1656: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Messrs. Chmielewski, Sams, Mmes. Adkins; Benson, J.E. and Pariseau introduced—

S.F. No. 1657: A bill for an act relating to abortions; providing rules for informed consent; providing for certain civil damages; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health Care.

Mr. Beckman introduced—

S.F. No. 1658: A bill for an act relating to corrections; requiring approval of commissioner of corrections before a defendant awaiting sentencing may be committed to the commissioner's custody; amending Minnesota Statutes 1992, section 609.115, subdivision 1.

Referred to the Committee on Crime Prevention.

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1320 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1320

A bill for an act relating to education; requiring changes in college preparation requirements.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1320, 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. 1320 be further amended as follows:

Page 1, after line 4, insert:

"Section 1. Minnesota Statutes 1992, section 129C.10, is amended by adding a subdivision to read:

Subd. 3b. [APPEAL.] *A parent who disagrees with a board action that adversely affects the academic program of an enrolled pupil may appeal the board's action to the commissioner of education within 30 days of the board's action. The decision of the commissioner shall be binding on the board. The board shall inform each pupil and parent at the time of enrolling of a parent's right to appeal a board action affecting the pupil's academic program.*"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to education; requesting consultation on, and requiring consideration of content about, college preparation courses; providing an appeal procedure; amending Minnesota Statutes 1992, section 129C.10, by adding a subdivision."

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

Senate Conferees: (Signed) Steve L. Murphy, Jerry R. Janezich, Lawrence J. Pogemiller

House Conferees: (Signed) Katy Olson, Jim Tunheim, Robert Ness

Mr. Murphy moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1320 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. 1320 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	Day	Krentz	Morse	Robertson
Anderson	Dille	Kroening	Murphy	Runbeck
Beckman	Finn	Laidig	Neuville	Sams
Belanger	Flynn	Langseth	Novak	Samuelson
Benson, D.D.	Frederickson	Larson	Oliver	Spear
Benson, J.E.	Hanson	Lesewski	Olson	Stevens
Berg	Hottinger	Lessard	Pappas	Stumpf
Berglin	Johnson, D.J.	Luther	Pariseau	Terwilliger
Bertram	Johnson, J.B.	Marty	Piper	Vickerman
Betzold	Johnston	McGowan	Pogemiller	Wiener
Chandler	Kelly	Merriam	Price	
Chmielewski	Kiscaden	Metzen	Ranum	
Cohen	Knutson	Mondale	Riveness	

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Ranum moved that the following members be excused for a Conference Committee on S.F. No. 976 from 2:00 to 6:00 p.m.:

Ms. Ranum, Messrs. Knutson and Merriam. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Stumpf moved that the following members be excused for a Conference Committee on H.F. No. 1407 from 3:30 to 4:00 p.m.:

Mr. Stumpf, Ms. Wiener, Mr. Price, Mrs. Benson, J.E. and Mr. Solon. The motion prevailed.

MEMBERS EXCUSED

Messrs. Kroening and Cohen were excused from the Session of today from 8:00 to 8:40 a.m. Mr. Solon was excused from the Session of today from 8:00 to 8:55 a.m. Mr. Pogemiller was excused from the Session of today from 8:00 to 8:55 a.m. and 3:45 to 4:15 p.m. Messrs. Riveness and Laidig were excused from the Session of today from 8:00 to 9:00 a.m. Mr. Novak was excused from the Session of today from 8:00 to 9:30 and 10:00 to 10:15 a.m. Mr. Benson, D.D. was excused from the Session of today from 8:00 to 8:40 a.m. and 11:10 a.m. to 12:30 p.m. Ms. Wiener was excused from the Session of today from 8:00 to 8:35 a.m. Ms. Reichgott was excused from the Session of today from 8:00 to 10:00 a.m. and at 5:45 p.m. Mr. Johnson, D.J. was excused from the Session of today from 8:00 to 10:15 a.m. and 3:55 to 4:20 p.m. Mr. Samuelson was excused from the Session of today from 8:00 to 10:00 a.m. Mr. Vickerman was excused from the Session of today from 8:00 to 9:45 a.m. Mr. Finn was excused from the Session of today from 10:00 to 10:15 a.m. Ms. Ranum was excused from the Session of today from 10:30 to 10:45 a.m. Mr. Spear was excused from the Session of today from 8:00 to 9:25 a.m. Ms. Berglin was excused from the Session of today from 11:10 a.m. to 12:30 p.m. Ms. Kiscaden was excused from the Session of today from 11:25 a.m. to 12:40 p.m. and from 4:40 to 5:45 p.m. Mr. Kelly was excused from the Session of today from 8:00 to 11:45 a.m. Mr. Murphy was excused from the Session of today from 3:00 to 4:00 p.m. Ms. Anderson was excused from the Session of today from 4:00 to 4:45 p.m. Mr. Metzen was excused from the Session of today from 4:00 to 5:00 p.m. Mr. Lessard was excused from the Session of today from 5:30 to 6:00 p.m. Mr. Janezich was excused from the Session of today at 5:45 p.m. Mr. Morse was excused from the Session of today from 11:40 a.m. to 12:00 noon. Mr. Price was excused from the Session of today from 5:55 to 6:35 p.m. Mr. Laidig was excused from the Session of today from 8:00 to 9:00 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Saturday, May 15, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

SIXTIETH DAY

St. Paul, Minnesota, Saturday, May 15, 1993

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Les Svendsen.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1496, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1496: A bill for an act relating to health care and family services; the organization and operation of state government; appropriating money for human services, health, and other purposes with certain conditions; establishing and modifying certain programs; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 62A.045; 144.122; 144.123, subdivision 1; 144.215, subdivision 3; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.98, subdivision 5;

144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.4873, subdivision 2; 245.652, subdivisions 1 and 4; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivision 8; 252.50, by adding a subdivision; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, and 22, as amended; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.0625, subdivisions 13, 13a, 15, 17, 25, 28, 29, and by adding subdivisions; 256B.0913, subdivision 5; 256B.0915, subdivision 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.421, subdivision 14; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, by adding a subdivision; 256B.48, subdivision 1; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 1, 3g, 3i, and by adding a subdivision; 256D.03, subdivisions 3, 4, and 8; 256D.05, by adding a subdivision; 256D.051, subdivisions 1, 1a, 2, 3, and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.73, subdivision 1; 257.74, subdivision 1; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 518.156, subdivision 1; 518.551, subdivision 5; 518.64, subdivision 2; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, section 57, subdivisions 1 and 3; and Laws 1992, chapter 513, article 7, section 131; proposing coding for new law in Minnesota Statutes, chapters 136A; 245; 246; 256; 256B; 256E; 256F; 257; and 514; proposing coding for new law as Minnesota Statutes, chapters 246B; and 252B; repealing Minnesota Statutes 1992, sections 144A.071, subdivisions 4 and 5; 148B.72; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

Senate File No. 1496 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1407, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1407: A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating an instructional telecommunications network; providing for grants from the higher education coordinating board for regional linkages, regional coordination, courseware development and usage, and faculty training; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; establishing grant programs to promote recruitment and retention initiatives by nurses training and teacher education programs directed toward persons of color; establishing grant programs for nursing students and students in teacher education programs who are persons of color; establishing an education to employment transitions system; amending Minnesota Statutes 1992, sections 136A.101, subdivisions 1 and 7; 136A.121, subdivision 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.15, subdivision 6; 136A.1701, subdivision 4; 136A.233, subdivisions 2 and 3; 136C.13, subdivision 4; 136C.61, subdivision 7; and 137.022, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; proposing coding for new law as Minnesota Statutes, chapter 126B; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 17; and 136A.134.

Senate File No. 1407 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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

S.F. No. 273: A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

Senate File No. 273 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1046, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1046: A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1046 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1074, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1074: A bill for an act relating to natural resources; management of state-owned lands by the department of natural resources; deletion of land from Moose Lake state recreation area; private use of state trails; appropriating money; amending Minnesota Statutes 1992, sections 84.0273; 84.632; 85.015, by adding a subdivision; 86A.05, subdivision 14; 92.06, subdivision 1; 92.14, subdivision 2; 92.19; 92.29; 92.67, subdivision 5; 94.10; 94.11; 94.13; 94.343, subdivision 3; 94.348, subdivision 2; and 97A.135, subdivision 2, and by adding a subdivision.

Senate File No. 1074 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1105, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1105: A bill for an act relating to health; extending the expiration date of certain advisory councils and committees; modifying provisions relating to lead abatement; changing regulation provisions for hotels, resorts, restaurants, and manufactured homes; providing penalties; amending Minnesota Statutes 1992, sections 15.059, subdivision 5; 144.73, subdivision 3; 144.871, subdivisions 2, 6, 7a, and by adding subdivisions; 144.872, subdivision 2; 144.873, subdivision 2; 144.874, subdivisions 1, 3, 4, and 6; 144.878, subdivisions 2 and 5; 157.01, subdivision 1; 157.03; 157.08; 157.081, subdivision 1; 157.09; 157.12; 157.14; 245.97, subdivision 6; 327.10; 327.11; 327.16, subdivision 5; 327.20, subdivision 1; 327.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 144; and 157; repealing Minnesota Statutes 1992, sections 144.8721;

144.874, subdivision 10; 144.878, subdivision 2a; and 157.05, subdivisions 2 and 3.

Senate File No. 1105 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1275, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1275: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

Senate File No. 1275 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1315, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1315: A bill for an act relating to burial grounds; creating a council of traditional Indian practitioners to make recommendations regarding the management, treatment, and protection of Indian burial grounds and of human remains or artifacts contained in or removed from those grounds; proposing coding for new law in Minnesota Statutes, chapter 307.

Senate File No. 1315 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1253 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.
1253	970				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1253 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1253 and insert the language after the enacting clause of S.F. No. 970, the first engrossment; further, delete the title of H.F. No. 1253 and insert the title of S.F. No. 970, the first engrossment.

And when so amended H.F. No. 1253 will be identical to S.F. No. 970, and further recommends that H.F. No. 1253 be given its second reading and substituted for S.F. No. 970, 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. 570 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.
570	579				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 570 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 570 and insert the language after the enacting clause of S.F. No. 579, the second engrossment; further, delete the title of H.F. No. 570 and insert the title of S.F. No. 579, the second engrossment.

And when so amended H.F. No. 570 will be identical to S.F. No. 579, and further recommends that H.F. No. 570 be given its second reading and substituted for S.F. No. 579, 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. 1658 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.
1658	1477				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1658 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1658 and insert the language after the enacting clause of S.F. No. 1477, the first engrossment; further, delete the title of H.F. No. 1658 and insert the title of S.F. No. 1477, the first engrossment.

And when so amended H.F. No. 1658 will be identical to S.F. No. 1477, and further recommends that H.F. No. 1658 be given its second reading and substituted for S.F. No. 1477, 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. Nos. 1253, 570 and 1658 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Johnson, D.E. moved that the names of Ms. Runbeck and Mr. Laidig be added as a co-authors to S.F. No. 1650. The motion prevailed.

Mr. Lessard moved that the name of Mr. Samuelson be added as a co-author to S.F. No. 1653. The motion prevailed.

CONFIRMATION

Mr. Chmielewski moved that the report from the Committee on Transportation and Public Transit, reported April 27, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Chmielewski moved that in accordance with the report from the Committee on Transportation and Public Transit, reported April 27, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

TRANSPORTATION REGULATION BOARD

Lyle G. Mehrkens, 1505 Woodland Dr., Red Wing, Goodhue County, effective April 7, 1993, for a term expiring on the first Monday in January, 1999.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Novak moved that the reports from the Committee on Jobs, Energy and Community Development, reported May 13, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Novak moved that in accordance with the reports from the Committee on Jobs, Energy and Community Development, reported May 13, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER

James Gustafson, 1936 Woodhaven Ln., Duluth, St. Louis County, effective June 3, 1992, for a term expiring on the first Monday in January, 1995.

MINNESOTA HOUSING FINANCE AGENCY

Peter G. Bernier, HC 2, Box 183, Squaw Lake, Itasca County, effective January 9, 1993, for a term expiring on the first Monday in January, 1997.

MINNESOTA WORLD TRADE CENTER CORPORATION BOARD OF DIRECTORS

Paul J. Gam, 1672 Chatham Ave., Arden Hills, Ramsey County, effective February 24, 1992, for a term expiring on the first Monday in January, 1998.

PUBLIC UTILITIES COMMISSION

Thomas Burton, 822 Sierra Ln. N.E., Rochester, Olmsted County, effective January 11, 1993, for a term expiring on the first Monday in January, 1999.

WORKERS' COMPENSATION COURT OF APPEALS

Richard Hefte, R.R. 3, Box 88A, Fergus Falls, Otter Tail County, effective January 26, 1993, for a term expiring on the first Monday in January, 1999.

Thomas Johnson, 1510 Red Cedar Rd., Eagan, Dakota County, effective May 26, 1992, for a term expiring on the first Monday in January, 1995.

Rosalia Olsen, 3307 Decatur Ln., St. Louis Park, Hennepin County, effective May 26, 1992, for a term expiring on the first Monday in January, 1998.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Mr. Spear moved that the report from the Committee on Crime Prevention, reported April 27, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Spear moved that in accordance with the report from the Committee on Crime Prevention, reported April 27, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

DEPARTMENT OF PUBLIC SAFETY
COMMISSIONER

Michael S. Jordan, 6631 – 135th St. W., Apple Valley, Dakota County, effective January 4, 1993, for a term expiring on the first Monday in January, 1995.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Mondale moved that the reports from the Committee on Metropolitan and Local Government, reported April 21, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Mondale moved that in accordance with the reports from the Committee on Metropolitan and Local Government, reported April 21, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

METROPOLITAN COUNCIL
CHAIR

Dottie M. Rietow, 1317 Kilmer Ave. S., St. Louis Park, Hennepin County, effective November 18, 1992, for a term expiring on the first Monday in January, 1995.

METROPOLITAN COUNCIL

Barbara Butts, 2222 Memorial Pky., Minneapolis, Hennepin County, effective November 23, 1992, for a term expiring on the first Monday in January, 1995.

Martha M. Head, 1616 W. 22nd St., Minneapolis, Hennepin County, effective January 4, 1993, for a term expiring on the first Monday in January, 1997.

Patrick Leung, 1598 – 23rd Ave. N.W., New Brighton, Ramsey County, effective January 4, 1993, for a term expiring on the first Monday in January, 1997.

Esther Newcome, 2374 Joy Ave., White Bear Lake, Ramsey County, effective January 4, 1993, for a term expiring on the first Monday in January, 1997.

Mary Hill Smith, 515 N. Ferndale Rd., Orono, Hennepin County, effective January 4, 1993, for a term expiring on the first Monday in January, 1997.

Stephen B. Wellington, Jr., 2257 Gordon Ave., St. Paul, Ramsey County, effective January 4, 1993, for a term expiring on the first Monday in January, 1997.

METROPOLITAN WASTE CONTROL COMMISSION
CHAIR

Louis R. Clark, 13119 Heritage Way, Apple Valley, Dakota County, effective June 3, 1992, for a term expiring on the first Monday in January, 1995.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Mr. Johnson, D.J. moved that the report from the Committee on Taxes and Tax Laws, reported February 1, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Johnson, D.J. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Johnson, D.J. moved that in accordance with the report from the Committee on Taxes and Tax Laws, reported February 1, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

DEPARTMENT OF REVENUE
COMMISSIONER

Morris J. Anderson, 7398 Kochia Ln., Victoria, Carver County, effective January 4, 1993, for a term expiring on the first Monday in January, 1995.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Johnson, D.J. moved that the report from the Committee on Taxes and Tax Laws, reported March 8, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Johnson, D.J. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Johnson, D.J. moved that in accordance with the report from the Committee on Taxes and Tax Laws, reported March 8, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

TAX COURT

Dorothy McClung, 4370 N. Snelling Ave., Arden Hills, Ramsey County, effective January 2, 1993, for a term expiring on the first Monday in January, 1999.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Metzen moved that the report from the Committee on Governmental Operations and Reform, reported March 18, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Metzen moved that in accordance with the report from the Committee on Governmental Operations and Reform, reported March 18, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
EXECUTIVE DIRECTOR

Laurie Fiori Hacking, 682 Summit Avenue, St. Paul, Minnesota 55105, effective January 28, 1991.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Ms. Reichgott moved that the appointments of notaries public, received February 25, 1993, be taken from the table. The motion prevailed.

Ms. Reichgott moved that the Senate do now consent to and confirm the appointments of the notaries public. The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Ms. Reichgott moved that the reports from the Committee on Judiciary, reported May 7, 1993, pertaining to appointments, be taken from the table. The motion prevailed.

Ms. Reichgott moved that the foregoing reports be now adopted. The motion prevailed.

Ms. Reichgott moved that in accordance with the reports from the Committee on Judiciary, reported May 7, 1993, the Senate, having given its advice, do now consent to and confirm the appointment of:

BOARD ON JUDICIAL STANDARDS

Harriette Burkhalter, 5 W. St. Albans Rd., Hopkins, Hennepin County, effective April 30, 1991, for a term expiring on the first Monday in January, 1995.

Jon O. Haaven, 1118 Casa Marina Ln., Alexandria, Douglas County, effective May 11, 1992, for a term expiring on the first Monday in January, 1996.

Peter Hustad Watson, 1925 Fox St., Wayzata, Hennepin County, effective April 30, 1991, for a term expiring on the first Monday in January, 1995.

Virginia Ward, 712 Linwood Ave., St. Paul, Ramsey County, effective February 24, 1993, for a term expiring on the first Monday in January, 1997.

HARMFUL SUBSTANCE COMPENSATION BOARD

Beth A. Baker, 13297 Cardinal Creek Rd., Eden Prairie, Hennepin County, effective June 29, 1991, for a term expiring on the first Monday in January, 1997.

M.J. "Mac" McCauley, 404 E. Howard St., Winona, Winona County, effective February 27, 1993, for a term expiring on the first Monday in January, 1999.

Mara R. Thompson, 3520 W. 32nd St., Minneapolis, Hennepin County, effective June 29, 1991, for a term expiring on the first Monday in January, 1997.

Peter Westerhaus, 3758 Greensboro Dr., Eagan, Dakota County, effective May 30, 1990, for a term expiring on the first Monday in January, 1995.

The motion prevailed. So the appointments were confirmed.

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

House File No. 994 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 994

A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1 and 1a; 257.072, subdivision 7; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.012; 260.181, subdivision 3; and 260.191, subdivisions 1a, 1d, and 1e; proposing coding for new law in Minnesota Statutes, chapters 257; and 259.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 994, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H.F. No. 994 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [257.0651] [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.]

Sections 257.03 to 257.075 must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.

Sec. 2. Minnesota Statutes 1992, section 257.071, subdivision 1, is amended to read:

Subdivision 1. [PLACEMENT; PLAN.] A case plan shall be prepared within 30 days after any child is placed in a residential facility by court order or by the voluntary release of the child by the parent or parents.

For purposes of this section, a residential facility means any group home, family foster home or other publicly supported out-of-home residential facility, including any out-of-home residential facility under contract with the state, county or other political subdivision, or any agency thereof, to provide those services *or family foster care as defined in section 260.015, subdivision 7.*

For the purposes of this section, a case plan means a written document which is ordered by the court or which is prepared by the social service agency responsible for the residential facility placement and is signed by the parent or parents, or other custodian, of the child, the child's legal guardian, the social service agency responsible for the residential facility placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

(1) The specific reasons for the placement of the child in a residential facility, including a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from home;

(2) The specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;

(3) The financial responsibilities and obligations, if any, of the parents for the support of the child during the period the child is in the residential facility;

(4) The visitation rights and obligations of the parent or parents *or other relatives as defined in section 260.181, if such visitation is consistent with the best interest of the child,* during the period the child is in the residential facility;

(5) The social and other supportive services to be provided to the parent or parents of the child, the child, and the residential facility during the period the child is in the residential facility;

(6) The date on which the child is expected to be returned to the home of the parent or parents;

(7) The nature of the effort to be made by the social service agency responsible for the placement to reunite the family; and

(8) Notice to the parent or parents that placement of the child in foster care may result in termination of parental rights but only after notice and a hearing as provided in chapter 260.

The parent or parents and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or the child's legal guardian. The parent or parents may also receive assistance from any person or social service agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster parents shall be fully informed of the provisions of the case plan.

When an agency accepts a child for placement, the agency shall determine whether the child has had a physical examination by or under the direction of a licensed physician within the 12 months immediately preceding the date when the child came into the agency's care. If there is documentation that the child has had such an examination within the last 12 months, the agency is responsible for seeing that the child has another physical examination within one year of the documented examination and annually in subsequent years. If the agency determines that the child has not had a physical examination within the 12 months immediately preceding placement, the agency shall ensure that the child has the examination within 30 days of coming into the agency's care and once a year in subsequent years.

Sec. 3. Minnesota Statutes 1992, section 257.071, subdivision 1a, is amended to read:

Subd. 1a. [PROTECTION OF HERITAGE OR BACKGROUND.] The authorized child placing agency shall ensure that the child's best interests are met by giving due, *not sole,* consideration of the child's race or ethnic heritage in making a family foster care placement. The authorized child placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster home selected by following the preferences described in section 260.181, subdivision 3.

In instances where a child from a family of color is placed in a family foster home of a different racial or ethnic background, the local social service agency shall review the placement after 30 days and each 30 days thereafter for the first six months to determine if there is another available placement that would better satisfy the requirements of this subdivision.

Sec. 4. Minnesota Statutes 1992, section 257.071, is amended by adding a subdivision to read:

Subd. 1b. [LIMIT ON MULTIPLE PLACEMENTS.] *If a child has been placed in a residential facility pursuant to a court order under section 260.172 or 260.191, the social service agency responsible for the residential facility placement for the child may not change the child's placement unless the agency specifically documents that the current placement is unsuitable or another placement is in the best interests of the child. This subdivision does not apply if the new placement is in an adoptive home or other permanent placement.*

Sec. 5. Minnesota Statutes 1992, section 257.071, subdivision 3, is amended to read:

Subd. 3. [REVIEW OF VOLUNTARY PLACEMENTS.] ~~Subject to the provisions of subdivisions 3 and~~ *Except as provided in subdivision* 4, if the child has been placed in a residential facility pursuant to a voluntary release

by the parent or parents, and is not returned home within ~~12~~ *six* months after initial placement in the residential facility, the social service agency responsible for the placement shall:

~~(a)~~ *(1)* return the child to the home of the parent or parents; or

~~(b)~~ *(2)* file an appropriate petition pursuant to section 260.131, subdivision 1, or 260.231~~, and if the petition is dismissed, petition the court within two years, pursuant to section 260.131, subdivision 1a, to determine if the placement is in the best interests of the child~~.

The case plan must be updated when a petition is filed and must include a specific plan for permanency.

Sec. 6. Minnesota Statutes 1992, section 257.071, is amended by adding a subdivision to read:

Subd. 8. [RULES ON REMOVAL OF CHILDREN.] *The commissioner shall adopt rules establishing criteria for removal of children from their homes and return of children to their homes.*

Sec. 7. Minnesota Statutes 1992, section 257.072, subdivision 1, is amended to read:

Subdivision 1. [RECRUITMENT OF FOSTER FAMILIES.] Each authorized child placing agency shall make special efforts to recruit a foster family from among the child's relatives, except as authorized in section 260.181, subdivision 3, and among families of the same ~~minority~~ racial or ~~minority~~ ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations *and may include contracting with these organizations*, utilizing local media and other local resources, conducting outreach activities, and increasing the number of minority recruitment staff employed by the agency. *The requirement of special efforts in this section is satisfied if the responsible child placing agency has made appropriate efforts for six months following the child's placement in a residential facility and the court approves the agency's efforts pursuant to section 260.191, subdivision 3a.* The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

Sec. 8. Minnesota Statutes 1992, section 257.072, subdivision 7, is amended to read:

Subd. 7. [DUTIES OF CHILD-PLACING AGENCIES.] Each authorized child-placing agency must:

(1) develop and follow procedures for implementing the order of preference prescribed by section 260.181, subdivision 3, and the Indian Child Welfare Act, United States Code, title 25, sections 1901 to 1923;

(a) In implementing the order of preference, an authorized child-placing agency may disclose private or confidential data, as defined in section 13.02, to relatives of the child for the purpose of locating a suitable placement. The agency shall disclose only data that is necessary to facilitate implementing the preference. If a parent makes an explicit request that the relative preference not be followed, the agency shall bring the matter to the attention of the court to determine whether the parent's request is consistent with the best interests of the child and the agency shall not contact relatives unless ordered to do so by the juvenile court; and

(b) ~~In implementing the order of preference, the authorized child placing agency shall develop written standards for determining the suitability of proposed placements. The standards need not meet all requirements for foster care licensing, but must ensure that the safety, health, and welfare of the child is safeguarded. In the case~~ *In determining the suitability of a proposed placement* of an Indian child, the standards to be applied must be the prevailing social and cultural standards of the Indian child's community, and the agency shall defer to tribal judgment as to suitability of a particular home when the tribe has intervened pursuant to the Indian Child Welfare Act;

(2) have a written plan for recruiting minority adoptive and foster families. The plan must include (a) strategies for using existing resources in minority communities, (b) use of minority outreach staff wherever possible, (c) use of minority foster homes for placements after birth and before adoption, and (d) other techniques as appropriate;

(3) have a written plan for training adoptive and foster families of minority children;

(4) if located in an area with a significant minority population, have a written plan for employing minority social workers in adoption and foster care. The plan must include staffing goals and objectives;

(5) ensure that adoption and foster care workers attend training offered or approved by the department of human services regarding cultural diversity and the needs of special needs children; and

(6) develop and implement procedures for implementing the requirements of the Indian Child Welfare Act and the Minnesota Indian family preservation act.

Sec. 9. Minnesota Statutes 1992, section 257.072, is amended by adding a subdivision to read:

Subd. 9. [RULES.] *The commissioner of human services shall adopt rules to establish standards for relative foster care placement, conducting relative searches, and recruiting foster and adoptive families of the same racial or ethnic heritage as the child.*

Sec. 10. Minnesota Statutes 1992, section 259.255, is amended to read:

259.255 [PROTECTION OF HERITAGE OR BACKGROUND.]

The policy of the state of Minnesota is to ensure that the best interests of the child are met by requiring due, *not sole*, consideration of the child's race or ethnic heritage in adoption placements. For purposes of intercountry adoptions, due consideration is deemed to have occurred if the appropriate authority in the child's country of birth has approved the placement of the child.

The authorized child placing agency shall give preference, in the absence of good cause to the contrary, to placing the child with (a) a relative or relatives of the child, or, if that would be detrimental to the child or a relative is not available, (b) a family with the same racial or ethnic heritage as the child, or, if that is not feasible, (c) a family of different racial or ethnic heritage from the child which is knowledgeable and appreciative of the child's racial or ethnic heritage.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or clauses (a) and (b) not be followed, the authorized child placing agency shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the agency shall place the child with a family that also meets the genetic parent's religious preference. Only if no family is available that is described in clause (a) or (b) may the agency give preference to a family described in clause (c) that meets the parent's religious preference.

Sec. 11. [259.2565] [NOTICE REGARDING PERMANENT PLACEMENT OF CERTAIN CHILDREN.]

When a termination of parental rights order regarding a child becomes final, the agency with guardianship of the child shall give the notice provided in this section to any adult with whom the child is currently residing, any adult with whom the child has resided for one year or longer in the past, and any adults who have maintained a relationship or exercised visitation with the child as identified in the agency case plan for the child or demonstrated an interest in the child. This notice must not be provided to a parent whose parental rights to the child have been terminated under section 260.221, subdivision 1. The notice must state that a permanent home is sought for the child and that individuals receiving the notice may indicate to the agency their interest in providing a permanent home. The agency with guardianship of the child shall review the child's custodial history and relationships with siblings, relatives, foster parents, and any other person who may significantly affect the child in determining an appropriate permanent placement.

Sec. 12. Minnesota Statutes 1992, section 259.28, subdivision 2, is amended to read:

Subd. 2. [PROTECTION OF HERITAGE OR BACKGROUND.] The policy of the state of Minnesota is to ensure that the best interests of children are met by requiring due, *not sole,* consideration of the child's race or ethnic heritage in adoption placements. For purposes of intercountry adoptions, due consideration is deemed to have occurred if the appropriate authority in the child's country of birth has approved the placement of the child.

In reviewing adoptive placement, the court shall consider preference, and in determining appropriate adoption, the court shall give preference, in the absence of good cause to the contrary, to (a) a relative or relatives of the child, or, if that would be detrimental to the child or a relative is not available, to (b) a family with the same racial or ethnic heritage as the child, or if that is not feasible, to (c) a family of different racial or ethnic heritage from the child that is knowledgeable and appreciative of the child's racial or ethnic heritage.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in an adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall place the child with a family that also meets the genetic

parent's religious preference. Only if no family is available as described in clause (a) or (b) may the court give preference to a family described in clause (c) that meets the parent's religious preference.

Sec. 13. Minnesota Statutes 1992, section 259.28, is amended by adding a subdivision to read:

Subd. 3. [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.] *The provisions of this chapter must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.*

Sec. 14. Minnesota Statutes 1992, section 259.455, is amended to read:

259.455 [FAMILY RECRUITMENT.]

Each authorized child placing agency shall make special efforts to recruit an adoptive family from among the child's relatives, except as authorized in section 259.28, subdivision 2, and among families of the same racial or ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations *and may include contracting with these organizations*, utilizing local media and other local resources, and conducting outreach activities. *The requirement of special efforts in this section is satisfied if the efforts have continued for six months after the child becomes available for adoption or if special efforts have been satisfied and approved by the court pursuant to section 260.191, subdivision 3a.* The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

Sec. 15. [260.157] [COMPLIANCE WITH INDIAN CHILD WELFARE ACT.]

The provisions of this chapter must be construed consistently with the Indian Child Welfare Act of 1978, United States Code, title 25, sections 1901 to 1963.

Sec. 16. Minnesota Statutes 1992, section 260.181, subdivision 3, is amended to read:

Subd. 3. [PROTECTION OF HERITAGE OR BACKGROUND.] The policy of the state is to ensure that the best interests of children are met by requiring due, *not sole,* consideration of the child's race or ethnic heritage in foster care placements.

The court, in transferring legal custody of any child or appointing a guardian for the child under the laws relating to juvenile courts, shall place the child, in the following order of preference, in the absence of good cause to the contrary, in the legal custody or guardianship of an individual who (a) is the child's relative, or if that would be detrimental to the child or a relative is not available, who (b) is of the same racial or ethnic heritage as the child, or if that is not possible, who (c) is knowledgeable and appreciative of the child's racial or ethnic heritage. The court may require the county welfare agency to continue efforts to find a guardian of the child's racial or ethnic heritage when such a guardian is not immediately available. For purposes of this subdivision, "relative" includes members of a child's extended family and important friends with whom the child has resided or had significant contact.

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in a foster or adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall order placement of the child with an individual who meets the genetic parent's religious preference. Only if no individual is available who is described in clause (a) or (b) may the court give preference to an individual described in clause (c) who meets the parent's religious preference.

Sec. 17. Minnesota Statutes 1992, section 260.191, subdivision 1d, is amended to read:

Subd. 1d. [~~PARENTAL~~ VISITATION.] If the court orders that the child be placed outside of the child's home or present residence, it shall set reasonable rules for supervised or unsupervised parental visitation that contribute to the objectives of the court order and the maintenance of the familial relationship. No parent may be denied visitation unless the court finds at the disposition hearing that the visitation would act to prevent the achievement of the order's objectives or that it would endanger the child's physical or emotional well-being. *The court shall set reasonable rules for visitation for any relatives as defined in section 260.181, subdivision 3, if visitation is consistent with the best interests of the child.*

Sec. 18. Minnesota Statutes 1992, section 260.191, subdivision 1e, is amended to read:

Subd. 1e. [CASE PLAN.] For each disposition ordered, the court shall order the appropriate agency to prepare a written case plan developed after consultation with any foster parents, and consultation with and participation by the child and the child's parent, guardian, or custodian, guardian ad litem, and tribal representative if the tribe has intervened. The case plan shall comply with the requirements of section 257.071, where applicable. The case plan shall, among other matters, specify the actions to be taken by the child and the child's parent, guardian, foster parent, or custodian to comply with the court's disposition order, and the services to be offered and provided by the agency to the child and the child's parent, guardian, or custodian. The court shall review the case plan and, upon approving it, incorporate the plan into its disposition order. The court may review and modify the terms of the case plan in the manner provided in subdivision 2. For each disposition ordered, the written case plan shall specify what reasonable efforts shall be provided to the family. The case plan must include a discussion of:

(1) the availability of appropriate prevention and reunification services for the family to prevent the removal of the child from the home or to reunify the child with the family after removal;

(2) any services or resources that were requested by the child or the child's parent, guardian, foster parent, or custodian since the date of initial adjudication, and whether those services or resources were provided or the basis for denial of the services or resources;

(3) the need of the child and family for care, treatment, or rehabilitation;

(4) the need for participation by the parent, guardian, or custodian in the plan of care for the child;

(5) *the visitation rights and obligations of the parent or other relatives, as*

defined in section 260.181, subdivision 3, during any period when the child is placed outside the home; and

(6) a description of any services that could prevent placement or reunify the family if such services were available.

A party has a right to request a court review of the reasonableness of the case plan upon a showing of a substantial change of circumstances.

Sec. 19. Minnesota Statutes 1992, section 260.191, subdivision 2, is amended to read:

Subd. 2. [ORDER DURATION.] *Subject to subdivisions 3a and 3b,* all orders under this section shall be for a specified length of time set by the court not to exceed one year. However, before the order has expired and upon its own motion or that of any interested party, the court shall, after notice to the parties and a hearing, renew the order for another year or make some other disposition of the case, until the individual is no longer a minor. Any person to whom legal custody is transferred shall report to the court in writing at such periods as the court may direct.

Sec. 20. Minnesota Statutes 1992, section 260.191, is amended by adding a subdivision to read:

Subd. 3a. [COURT REVIEW OF OUT-OF-HOME PLACEMENTS.] *If the court places a child in a residential facility, the court shall review the out-of-home placement at least every six months to determine whether continued out-of-home placement is necessary and appropriate or whether the child should be returned home. The court shall review agency efforts pursuant to section 257.072, subdivision 1, and order that the efforts continue if the agency has failed to perform the duties under that section. The court shall review the case plan and may modify the case plan as provided under subdivisions 1e and 2. If the court orders continued out-of-home placement, the court shall notify the parents of the provisions of subdivision 3b.*

Sec. 21. Minnesota Statutes 1992, section 260.191, is amended by adding a subdivision to read:

Subd. 3b. [REVIEW OF COURT ORDERED PLACEMENTS; PERMANENT PLACEMENT DETERMINATION.] *(a) If the court places a child in a residential facility, the court shall conduct a hearing to determine the permanent status of the child not later than 12 months after the child was placed out of the home of the parent. Not later than 30 days prior to this hearing the responsible social service agency shall file pleadings to establish the basis for the permanent placement determination. Notice of the hearing and copies of the pleadings must be provided pursuant to sections 260.135 and 260.141. If a termination of parental rights petition is filed before the date required for the permanency planning determination, no hearing need be conducted under this section. The court shall determine whether the child is to be returned home or, if not, what permanent placement is consistent with the child's best interests. The "best interests of the child" means all relevant factors to be considered and evaluated.*

If the child is not returned to the home, the dispositions available for permanent placement determination are permanent legal and physical custody to a relative, adoption, or permanent foster care. The court may order a child into permanent foster care only if it finds that neither an award of legal and

physical custody to a relative, termination of parental rights, nor adoption is in the child's best interests.

(b) The court may extend the time period for determination of permanent placement to 18 months after the child was placed in a residential facility if:

(1) there is a substantial probability that the child will be returned home within the next six months;

(2) the agency has not made reasonable, or, in the case of an Indian child, active efforts, to correct the conditions that form the basis of the out-of-home placement; or

(3) extraordinary circumstances exist precluding a permanent placement determination, in which case the court shall make written findings documenting the extraordinary circumstances and order one subsequent review after six months to determine permanent placement.

(c) If the court determines that an adoptive placement is in the best interests of the child, the social service agency shall file a petition for termination of parental rights under section 260.231. Nothing in this subdivision waives the requirements of sections 260.221 to 260.245 with respect to termination of parental rights.

(d) In ordering a permanent placement of a child, the court must be governed by the best interests of the child, including a review of the relationship between the child and relatives and the child and other important persons with whom the child has resided or had significant contact.

(e) Once a permanent placement determination has been made and permanent placement has been established, further reviews are only necessary if otherwise required by federal law, an adoption has not yet been finalized, or there is a disruption of the permanent placement. These reviews must take place no less frequently than every six months.

(f) An order under this subdivision must include the following detailed findings:

(1) how the child's best interests are served by the order;

(2) the nature and extent of the responsible social service agency's reasonable efforts, or, in the case of an Indian child, active efforts, to reunify the child with the parent or parents;

(3) the parent's or parents' efforts and ability to use services to correct the conditions which led to the out-of-home placement;

(4) whether the conditions which led to the out-of-home placement have been corrected so that the child can return home; and

(5) if the child cannot be returned home, whether there is a substantial probability of the child being able to return home in the next six months.

If the court orders the child placed in permanent foster care, the court shall make findings that neither an award of legal and physical custody to a relative, termination of parental rights, nor adoption is in the child's best interests.

A court finding that extraordinary circumstances exist precluding a

permanent placement determination must be supported by detailed factual findings regarding those circumstances.

Sec. 22. Minnesota Statutes 1992, section 260.192, is amended to read:

260.192 [DISPOSITIONS; VOLUNTARY FOSTER CARE PLACEMENTS.]

Upon a petition for review of the foster care status of a child, the court may:

(a) *In the case of a petition required to be filed under section 257.071, subdivision 3,* find that the child's needs are being met ~~and~~, that the child's placement in foster care is in the best interests of the child *and that the child will be returned home in the next six months*, in which case the court shall approve the voluntary arrangement *and continue the matter for six months to assure the child returns to the parent's home.* ~~The court shall order the social service agency responsible for the placement to bring a petition pursuant to either section 260.131, subdivision 1 or section 260.131, subdivision 1a, as appropriate, within two years if court review was pursuant to section 257.071, subdivision 3 or 4, or within one year if court review was pursuant to section 257.071, subdivision 2.~~

(b) *In the case of a petition required to be filed under section 257.071, subdivision 4, find that the child's needs are being met and that the child's placement in foster care is in the best interests of the child, in which case the court shall approve the voluntary arrangement. The court shall order the social service agency responsible for the placement to bring a petition under section 260.131, subdivision 1 or 1a, as appropriate, within two years.*

(c) Find that the child's needs are not being met, in which case the court shall order the social service agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social service agency of services to the parents which would enable the child to live at home, and ~~shall order an administrative review of the case again within six months and a review by the court within one year~~ *order a disposition under section 260.191.*

~~(c)~~ *(d)* Find that the child has been abandoned by parents financially or emotionally, or that the developmentally disabled child does not require out-of-home care because of the handicapping condition, in which case the court shall order the social service agency to file an appropriate petition pursuant to sections 260.131, subdivision 1, or 260.231.

Nothing in this section shall be construed to prohibit bringing a petition pursuant to section 260.131, subdivision 1 or 2, sooner than required by court order pursuant to this section.

Sec. 23. Minnesota Statutes 1992, 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 *on a regular basis and no demonstrated, consistent interest in the child's well-being* 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 July 1, 1990; 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. 24. [REPORT.]

The commissioner of human services shall prepare a report for the legislature which includes a comprehensive plan to ensure compliance by county social services departments with the foster care and adoption

placement statutes and rules. The report must include an analysis of possible financial incentives and sanctions for county compliance and also address the feasibility of providing timely hearings for families affected by the foster care and adoption rules and statutes in the administrative process. The report is due by February 15, 1994.

Sec. 25. [APPROPRIATION.]

$135,000 is appropriated from the general fund to the commissioner of human services to implement this act. $73,000 is for fiscal year 1994 and $62,000 is for fiscal year 1995.''

Amend the title as follows:

''A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; appropriating money; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1, 1a, 3, and by adding subdivisions; 257.072, subdivision 1 and 7, and by adding a subdivision; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.181, subdivision 3; 260.191, subdivisions 1d, 1e, 2, and by adding subdivisions; 260.192; and 260.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 257; 259; and 260.''

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

House Conferees: (Signed) Kathleen A. Blatz, Wesley J. ''Wes'' Skoglund, Chuck Brown, Richard H. Jefferson, Becky Lourey

Senate Conferees: (Signed) Allan H. Spear, Sheila M. Kiscaden, Harold R. ''Skip'' Finn, David L. Knutson, Pat Piper

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on H.F. No. 994 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. 994 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Morse	Sams
Anderson	Flynn	Laidig	Neuville	Samuelson
Beckman	Frederickson	Langseth	Novak	Solon
Belanger	Hanson	Larson	Oliver	Spear
Benson, D.D.	Hottinger	Lesewski	Olson	Stevens
Benson, J.E.	Johnson, D.E.	Lessard	Pappas	Stumpf
Berg	Johnson, D.J.	Luther	Pariseau	Terwilliger
Berglin	Johnson, J.B.	Marty	Piper	Vickerman
Bertram	Johnston	McGowan	Price	Wiener
Betzold	Kelly	Merriam	Ranum	
Chandler	Kiscaden	Metzen	Reichgott	
Cohen	Knutson	Moe, R.D.	Robertson	
Day	Krentz	Mondale	Runbeck	

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 40 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 40

A bill for an act relating to probate; establishing a durable power of attorney for health care; establishing duties of health care providers for the provision of life-sustaining health care; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 145B; proposing coding for new law as Minnesota Statutes, chapter 145C; repealing Minnesota Statutes 1992, section 145B.10.

May 11, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 40, 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. 40 be further amended as follows:

Page 2, line 6, delete "*a person*" and insert "*an individual*"

Page 2, line 21, delete "*Health care*" and insert "'*Health care*'"

Page 3, line 5, delete "*a person*" and insert "*an individual*"

Page 3, line 13, after "*make*" insert "*or communicate*"

Page 3, line 14, delete "*and must otherwise*" and insert ". *The durable power of attorney for health care must*"

Page 3, lines 23 and 34, delete "*person*" and insert "*individual*"

Page 3, line 24, delete the comma and insert ". *A durable power of attorney for health care*"

Page 3, line 25, delete the comma

Page 3, lines 27 and 33, delete "*persons*" and insert "*individuals*"

Page 3, line 32, delete "PERSONS" and insert "INDIVIDUALS"

Page 4, line 4, delete "PERSONS" and insert "INDIVIDUALS"

Page 4, lines 25 and 26, after "*make*" insert "*or communicate*"

Page 4, line 34, delete "*I*"

Page 4, delete lines 35 and 36 and insert "*It is my intention that my agent or any alternative agent has a personal obligation to me to make health care*

decisions for me consistent with my expressed wishes. I understand, however, that my agent or any alternative agent has no legal duty to act.''

Page 5, line 26, delete ''*becomes*'' and insert ''*is*'' and delete ''*any particular*'' and insert ''*a*''

Page 5, line 27, after ''*when*'' insert ''*:*

(1) it has been executed in accordance with section 4; and

(2)''

Page 5, delete line 29 and insert ''*make or communicate that health care decision and the agent consents to make or communicate*''

Page 5, lines 35 and 36, delete ''*a person*'' and insert ''*an individual*''

Page 6, lines 2 and 11, after ''*make*'' insert ''*or communicate*''

Page 6, lines 5 and 6, delete ''*a person*'' and insert ''*an individual*''

Page 6, after line 15, insert:

''*Subd. 2.* [AGENT AS GUARDIAN.] *Except as otherwise provided in the durable power of attorney for health care, appointment of the agent in a durable power of attorney for health care is considered a nomination of a guardian or conservator of the person for purposes of section 525.544.*''

Page 6, line 16, delete ''*2*'' and insert ''*3*''

Page 6, line 27, delete everything after the period

Page 6, delete lines 28 to 35 and insert ''*An agent or any alternative agent has a personal obligation to the principal to make health care decisions authorized by the durable power of attorney for health care but this obligation does not constitute a legal duty to act.*''

Page 6, line 36, before ''*In*'' insert ''*Subd. 4.* [INCONSISTENCIES AMONG DOCUMENTS.]''

Page 8, lines 18 and 20, delete ''*a person*'' and insert ''*an individual*''

Page 8, line 29, delete ''*or, if those*'' and insert ''*. If the principal's*''

Page 8, line 30, delete ''*unable to*'' and insert ''*cannot*''

Page 8, line 31, after ''*acting*'' insert ''*in good faith means acting*''

Page 9, line 4, before ''*A*'' insert ''*(a)*''

Page 9, line 17, before ''*A*'' insert ''*(b)*'' and delete ''*life prolonging*''

Page 9, line 18, delete everything before the comma and insert ''*health care necessary to keep the principal alive*''

Page 9, line 30, delete ''*a person*'' and insert ''*an individual*''

Pages 10 and 11, delete section 16 and insert:

''Sec. 16. [145C.15] [DUTIES OF HEALTH CARE PROVIDERS TO PROVIDE LIFE-SUSTAINING HEALTH CARE.]

(a) If a proxy acting under chapter 145B or an agent acting under this chapter directs the provision of health care, nutrition, or hydration that, in

reasonable medical judgment, has a significant possibility of sustaining the life of the principal or declarant, a health care provider shall take all reasonable steps to ensure the provision of the directed health care, nutrition, or hydration if the provider has the legal and actual capability of providing the health care either itself or by transferring the principal or declarant to a health care provider who has that capability. Any transfer of a principal or declarant under this paragraph must be done promptly and, if necessary to preserve the life of the principal or declarant, by emergency means. This paragraph does not apply if a living will under chapter 145B or a durable power of attorney for health care indicates an intention to the contrary.

(b) A health care provider who is unwilling to provide directed health care under paragraph (a) that the provider has the legal and actual capability of providing may transfer the principal or declarant to another health care provider willing to provide the directed health care but the provider shall take all reasonable steps to ensure provision of the directed health care until the principal or declarant is transferred.

(c) Nothing in this section alters any legal obligation or lack of legal obligation of a health care provider to provide health care to a principal or declarant who refuses, has refused, or is unable to pay for the health care."

Page 11, line 15, delete "*crimes*" and insert "*offenses*"

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

Senate Conferees: (Signed) Ember D. Reichgott, David L. Knutson, Allan H. Spear

House Conferees: (Signed) Dave Bishop, Wesley J. "Wes" Skoglund, Howard Orenstein

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 40 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. 40 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 10, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Morse	Runbeck
Anderson	Dille	Kroening	Murphy	Sams
Beckman	Finn	Laidig	Novak	Samuelson
Belanger	Flynn	Lessard	Oliver	Solon
Benson, D.D.	Hanson	Luther	Pappas	Spear
Berg	Hottinger	Marty	Piper	Stumpf
Berglin	Johnson, D.E.	McGowan	Pogemiller	Terwilliger
Bertram	Johnson, J.B.	Merriam	Price	Wiener
Betzold	Kelly	Metzen	Ranum	
Chandler	Kiscaden	Moe, R.D.	Reichgott	
Cohen	Knutson	Mondale	Robertson	

Those who voted in the negative were:

Benson, J.E.	Johnston	Lesewski	Olson	Stevens
Chmielewski	Larson	Neuville	Pariseau	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. 532 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 532

A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 532, 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. 532 be further amended as follows:

Page 4, line 29, delete "*$5,000*" and insert "*$6,000*" and before "*or*" insert ", *or, on and after July 1, 1994, $7,500*" and delete "*$3,000*" and insert "*$4,000*"

Page 5, after line 21, insert:

"*When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the rules of civil procedure for personal service of a summons of the district court as an alternative to service by certified mail.*"

Page 15, delete section 7

Renumber the sections in sequence

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

Senate Conferees: (Signed) Harold R. "Skip" Finn, John Marty, Sheila M. Kiscaden

House Conferees: (Signed) Andy Dawkins, Wesley J. "Wes" Skoglund, Bill Macklin

Mr. Finn moved that the foregoing recommendations and Conference Committee Report on S.F. No. 532 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. 532 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Krentz	Neuville	Sams
Anderson	Day	Kroening	Novak	Samuelson
Beckman	Dille	Laidig	Oliver	Solon
Belanger	Finn	Larson	Olson	Spear
Benson, D.D.	Flynn	Lesewski	Pappas	Stevens
Benson, J.E.	Hanson	Lessard	Pariseau	Stumpf
Berg	Hottinger	Luther	Piper	Terwilliger
Berglin	Johnson, J.B.	Marty	Price	Vickerman
Bertram	Johnston	McGowan	Ranum	Wiener
Betzold	Kelly	Metzen	Reichgott	
Chandler	Kiscaden	Moe, R.D.	Robertson	
Chmielewski	Knutson	Morse	Runbeck	

Mr. Merriam voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1486 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1486: A bill for an act relating to libraries; requiring the metropolitan council to conduct a study of metropolitan area libraries and library systems and report to the legislature.

Mr. Oliver moved to amend H.F. No. 1486 as follows:

Pages 1 and 2, delete section 1 and insert:

"Section 1. [ST. PAUL-RAMSEY COUNTY LIBRARY STUDY.]

The metropolitan council shall conduct a study of present and future roles of libraries in the city of St. Paul and Ramsey county. The study must include recommendations and proposed legislation for alternate models of library organization, governance, and funding. The report must be submitted to the legislature by July 1, 1994."

Amend the title as follows:

Page 1, line 3, delete "metropolitan area" and insert "St. Paul and Ramsey county"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 30, as follows:

Those who voted in the affirmative were:

Belanger	Dille	Larson	Olson	Stevens
Benson, D.D.	Johnston	Lesewski	Pariseau	Terwilliger
Benson, J.E.	Kiscaden	McGowan	Pogemiller	
Berglin	Knutson	Mondale	Robertson	
Chandler	Kroening	Neuville	Runbeck	
Day	Laidig	Oliver	Solon	

Those who voted in the negative were:

Adkins	Cohen	Krentz	Morse	Riveness
Anderson	Finn	Langseth	Murphy	Samuelson
Beckman	Flynn	Lessard	Novak	Spear
Bertram	Hottinger	Luther	Pappas	Stumpf
Betzold	Johnson, J.B.	Marty	Piper	Vickerman
Chmielewski	Kelly	Merriam	Price	Wiener

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

Ms. Pappas moved to amend H.F. No. 1486 as follows:

Page 1, line 16, delete from "*The*" through page 1, line 21, to "*collections.*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1486 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 37 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Lessard	Pappas	Solon
Beckman	Hottinger	Luther	Piper	Spear
Berglin	Johnson, J.B.	Marty	Pogemiller	Stumpf
Bertram	Kelly	Merriam	Price	Vickerman
Betzold	Krentz	Mondale	Ranum	Wiener
Chandler	Kroening	Morse	Riveness	
Cohen	Laidig	Murphy	Runbeck	
Finn	Langseth	Novak	Sams	

Those who voted in the negative were:

Adkins	Dille	Larson	Olson	Terwilliger
Belanger	Hanson	Lesewski	Pariseau	
Benson, D.D.	Johnston	Metzen	Robertson	
Benson, J.E.	Kiscaden	Neuville	Samuelson	
Day	Knutson	Oliver	Stevens	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Beckman moved that H.F. No. 10 be taken from the table. The motion prevailed.

H.F. No. 10: A bill for an act relating to education; establishing a youth

apprenticeship program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

Mr. Beckman then moved to amend H.F. No. 10, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [126B.01] [PURPOSE.]

To better prepare all learners to make transitions between education and employment, a comprehensive system is established to:

(1) assist individuals in planning their futures by providing counseling and information about career opportunities;

(2) integrate opportunities for work-based learning, including but not limited to occupation-specific apprenticeship programs and community service programs, into the curriculum;

(3) promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and

(4) expand educational options available to students through collaborative efforts between secondary institutions, post-secondary institutions, business, industry, organized labor, and other interested parties.

Sec. 2. [126B.02] [EDUCATION AND EMPLOYMENT TRANSITIONS COUNCIL.]

Subdivision 1. [MEMBERSHIP.] *The education and employment transitions council is established composed of the governor or governor's designee; the commissioners of education, labor and industry, and jobs and training; the chancellors of the technical and community colleges; a representative of the higher education coordinating board selected by the board; the president of Minnesota Technology, Inc.; one representative each from the Minnesota education association and the Minnesota federation of teachers; the executive director of the state council on vocational technical education; one representative each from the Minnesota chamber of commerce, the Minnesota business partnership, and the Minnesota high technology council; a service delivery area director appointed by the governor; a business chair of a private industry council appointed by the governor; and two representatives appointed by the Minnesota AFL-CIO.*

Subd. 2. [PURPOSE.] *The council shall assist in developing and implementing youth apprenticeship programs throughout the state and, where feasible, in integrating community service and service learning curriculum into youth apprenticeship programs. The council shall submit a report to the legislature and the governor, annually by January 15, describing the actions taken during the previous calendar year to develop and implement youth apprenticeship programs under this section, what waivers of law, if any, are necessary to accomplishing the purposes of this section, and the budget and staffing needs of the programs.*

Subd. 3. [DUTIES.] *The council shall:*

(1) identify changes that must be made in post-secondary guidance and

counselor and vocational education preparation programs to facilitate workforce development;

(2) identify means of implementing career awareness and counseling at the elementary level, secondary level, and post-secondary level;

(3) ensure that graduation standards are met;

(4) identify means of using labor market forecasting to assist individuals engaged in career counseling and vocational education preparation;

(5) delineate the role of elementary schools, secondary schools, post-secondary institutions, employers, state agencies, and organized labor in the activities under this act;

(6) develop plans to meet the unique needs of sparsely populated areas in establishing a comprehensive youth apprenticeship program;

(7) develop plans to meet the unique needs of metropolitan areas in establishing a comprehensive youth apprenticeship program;

(8) develop plans to meet the unique needs of students with disabilities in establishing comprehensive youth apprenticeship programs;

(9) advise the department of education concerning the implementation of comprehensive youth apprenticeship and youth works programs;

(10) approve industry and occupational skill standards recommended by the skills standards committees; and

(11) ensure that the comprehensive youth apprenticeship and youth works programs established are consistent with state and federal education, labor, and job training policies including chapter 178 as it applies to youth apprenticeship.

Subd. 4. [ADVISORY COMMITTEES.] *The council may appoint advisory committees.*

Sec. 3. [126B.03] [COMPREHENSIVE YOUTH APPRENTICESHIP PROGRAM.]

Subdivision 1. [OBJECTIVES.] *(a) The education and employment transitions council, with the assistance of the department of education, shall establish a comprehensive youth apprenticeship program to better prepare all learners to make transitions between education and employment.*

(b) A comprehensive youth apprenticeship program must accomplish the following objectives:

(1) provide students with work-based learning in skilled occupations that lead to high skill employment and opportunities for advancement;

(2) integrate students' secondary and post-secondary academic instruction and work-related learning so that they may qualify for an apprenticeship or other high skill training program;

(3) beginning in junior high school, expand the range of skilled occupations available to students to explore as career options;

(4) improve students' qualifications for an apprenticeship or other high

skill training program and the opportunity to obtain secondary and post-secondary credit for their program experience;

(5) improve students' ability to use academic skills in the workplace;

(6) actively encourage women and minority students to participate in apprenticeship or other high skill training programs;

(7) increase the number of qualified students preparing to enter skilled industries and occupations and work with employers to improve students' access to such industries and occupations;

(8) involve representatives of business, industry, occupations, and organized labor in planning, developing, and evaluating the program, including designing the work-related curriculum;

(9) enable employers to assess students' skills and abilities before accepting the students as apprentices or employing them;

(10) expand employers' interest in and willingness to invest in training students for skilled occupations; and

(11) create a school program that is interesting, enjoyable, and challenging.

Subd. 2. [ACADEMIC INSTRUCTION AND WORK-RELATED LEARNING.] *(a) A comprehensive youth apprenticeship program must integrate academic instruction and work-related learning in the classroom and at the workplace. Schools, in collaboration with students' employers, must use competency-based measures to evaluate students' progress in the program. Students who successfully complete the program must receive academic and occupational credentials from the participating school.*

(b) The academic instruction provided as part of a comprehensive youth apprenticeship program must:

(1) meet applicable secondary and post-secondary education requirements;

(2) enable the students to attain academic proficiency in at least the areas of English, mathematics, history, science, and geography; and

(3) where appropriate, modify existing secondary and post-secondary curricula to accommodate the changing needs of the workplace.

(c) Work-based learning provided as part of the program must:

(1) supply students with knowledge, skills, and abilities based on appropriate, nationally accepted standards in the specific industries and occupations for which the students are trained;

(2) offer students structured job training at the worksite, including high quality supervised learning opportunities;

(3) foster interactive, team-based learning;

(4) encourage sound work habits and behaviors;

(5) develop workplace skills, including the ability to manage resources, work productively with others, acquire and use information, understand and master systems, and work with technologies; and

(6) where feasible, offer students the opportunity to participate in community service and service learning activities.

(d) Worksite learning and experience provided as part of the program must:

(1) help youth apprentices achieve the program's academic and work-based learning requirements;

(2) pay apprentices for their work; and

(3) assist employers to fulfill their commitment to youth apprentices.

Subd. 3. [PROGRAM COMPONENTS.] *(a) A comprehensive youth apprenticeship program must require representatives of secondary and post-secondary school systems, affected local businesses, industries, occupations and labor, as well as the local community, to be actively and collaboratively involved in advising and managing the program.*

(b) The entities participating in a program must consult with local private industry councils to ensure that the youth apprenticeship program meets local labor market demands and provides student apprentices with the high skill training necessary for career advancement within an occupation.

(c) The program must meet applicable state education requirements and labor standards, provide support services to program participants, and accommodate the integrating of work-related learning and academic instruction through flexible schedules for students and teachers and appropriately modified curriculum.

(d) Local employers, collaborating with labor organizations where appropriate, must assist the program by analyzing workplace needs, creating work-related curriculum, employing and adequately paying youth apprentices engaged in work-related learning in the workplace, training youth apprentices to become skilled in an occupation, providing student apprentices with a workplace mentor, periodically informing the school of an apprentice's progress, and making a reasonable effort to employ youth apprentices who successfully complete the program.

(e) A student participating in a comprehensive youth apprenticeship program must sign a youth apprenticeship agreement with participating entities that obligates youth apprentices, their parents or guardians, employers, and schools to meet program requirements; indicates how academic instruction, work-based learning, and worksite learning and experience will be integrated; ensures that successful youth apprentices will receive a recognized credential of academic and occupational proficiency; and establishes the wage rate and other benefits for which youth apprentices are eligible while employed during the program.

(f) Secondary school principals or counselors or business mentors familiar with the demonstration project must inform entering secondary school students about available occupational and career opportunities and the option of entering a youth apprenticeship program to obtain post-secondary academic and occupational credentials.

Sec. 4. [126B.04] [INDUSTRY AND OCCUPATIONAL SKILLS STANDARDS COMMITTEES.]

Subdivision 1. [COMMITTEES.] *The education and employment transitions council shall establish and convene committees to develop and recom-*

mend industry and occupational skill standards for the industries in which apprentices are placed. The industry and occupational skills standards must be consistent with section 3. The committees and the demonstration programs shall operate concurrently.

Subd. 2. [MEMBERSHIP.] *Committee membership must consist of industry and trade representatives, employer representatives, and educators familiar with the skills, knowledge, and competencies of the industry. The council shall determine the membership of each committee it establishes.*

Sec. 5. [126B.05] [COMPREHENSIVE YOUTH APPRENTICESHIP DEMONSTRATION PROGRAMS.]

The education and employment transitions council, with the assistance of the department of education, shall award planning and implementation grants to establish comprehensive youth apprenticeship demonstration programs. The education and employment transitions council, with the assistance of the department of education, shall establish criteria by September 15, 1993, for evaluating grant proposals. The criteria established must include the components outlined in section 3. The commissioner of education shall develop and publicize the grant application process. The education and employment transitions council shall review and comment on the proposals submitted. A grant applicant must represent secondary and post-secondary school systems and secondary school principals, and should include representatives of affected local businesses, industries and labor, as well as the local community.

When the youth apprenticeship program is implemented student funding must be determined according to section 123.3514.

Sec. 6. [126B.06] [GENERAL PROVISIONS.]

All state and federal laws relating to workplace health and safety apply to youth apprenticeships.

The employment of a youth apprentice may not displace or cause any reduction in the number of nonovertime hours worked, wages, or benefits of a currently employed worker.

Sec. 7. [APPROPRIATION; DEMONSTRATION PROJECTS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education for developing and implementing comprehensive youth apprenticeship demonstration programs under section 5:*

$1,000,000 ... 1994.

The appropriation is available until June 30, 1995. Up to $100,000 of this appropriation may be used by the commissioner of the department of education to contract for services to provide technical assistance in creating a clearinghouse for information, recruiting businesses, developing skills standards, developing evaluation criteria, and establishing a databank for youth apprenticeship programs. The appropriation is available until June 30, 1995.

The council shall evaluate the projects to determine the extent to which the objectives in Minnesota Statutes, chapter 126B, are realized and recommend to the legislature by January 1, 1995, whether or not such projects should be made available throughout the state. If the council recommends that the

projects should be made available statewide, the council also shall recommend an implementation process.

The education and employment transitions council shall actively seek a dollar for dollar match in funding or in-kind contributions from nonstate sources, including local program participants.

Subd. 2. [DEMONSTRATION PROJECTS.] *The education and employment transitions council shall implement the comprehensive youth apprenticeship demonstration programs during the 1994-1995 biennium. Industries and occupations participating in the program must offer youth apprentices entry-level employment during the apprenticeship program period with opportunities for advancing into high skill, high wage positions.*

Entities participating in the program must make a five-year commitment to effectively implementing a youth apprenticeship program."

Delete the title and insert:

"A bill for an act relating to education; establishing a comprehensive youth apprenticeship system; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 126B."

The motion prevailed. So the amendment was adopted.

H.F. No. 10 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Mondale	Riveness
Anderson	Finn	Kroening	Morse	Robertson
Beckman	Flynn	Laidig	Neuville	Runbeck
Benson, D.D.	Frederickson	Langseth	Novak	Sams
Benson, J.E.	Hanson	Larson	Oliver	Samuelson
Berg	Hottinger	Lesewski	Olson	Solon
Berglin	Johnson, D.E.	Lessard	Pappas	Spear
Bertram	Johnson, D.J.	Luther	Pariseau	Stevens
Betzold	Johnson, J.B.	Marty	Piper	Stumpf
Chandler	Johnston	McGowan	Pogemiller	Terwilliger
Chmielewski	Kelly	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener
Day	Knutson	Moe, R.D.	Reichgott	

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

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. 1253 and that the rules of the Senate be so far suspended as to give H.F. No. 1253, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 1253: A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amend-

ing Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.

Ms. Johnson, J.B. moved that the amendment made to H.F. No. 1253 by the Committee on Rules and Administration in the report adopted May 15, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Ms. Johnson, J.B. then moved to amend H.F. No. 1253 as follows:

Page 4, line 15, before "*The*" insert "*(a)*"

Page 4, after line 21, insert:

"*(b) The commission or any other state agency including any agency subject to environmental permit coordination under sections 116C.22 to 116C.34 shall not approve a permit to construct, retrofit, renovate, or operate a nonrenewable energy facility capable of being powered primarily by coal principally to provide space heat from within the critical area set out in section 116G.15 that is in the zone set out in section 138.762.*"

Mr. Benson, D.D. moved that H.F. No. 1253 be laid on the table. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 142 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 142: A bill for an act relating to workers' compensation; regulating rehabilitation services and consultations; amending Minnesota Statutes 1992, section 176.102, subdivision 4.

Mr. Hottinger moved to amend S.F. No. 142 as follows:

Page 1, line 24, strike "within" and insert "*up until*"

Page 3, lines 22 to 26, reinstate the stricken language

Page 3, after line 26, insert:

"*The commissioner or compensation judge may not waive the rehabilitation consultation authorized by this subdivision if the injured employee has 30 days or more of lost work time due to a personal injury unless the job being offered by the date of injury employer is the date of injury job or other suitable gainful employment with the same employer, and provided that the treating physician has approved the proposed job as being within the physical restrictions of the employee.*"

The motion prevailed. So the amendment was adopted.

S.F. No. 142 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 42 and nays 19, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Langseth	Murphy	Sams
Anderson	Flynn	Lessard	Novak	Samuelson
Beckman	Hanson	Luther	Pappas	Solon
Benson, J.E.	Hottinger	Marty	Piper	Spear
Berglin	Johnson, D.J.	Merriam	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Metzen	Price	Wiener
Chandler	Kelly	Moe, R.D.	Ranum	
Chmielewski	Krentz	Mondale	Reichgott	
Dille	Laidig	Morse	Robertson	

Those who voted in the negative were:

Belanger	Day	Kiscaden	McGowan	Pariseau
Benson, D.D.	Frederickson	Knutson	Neuville	Runbeck
Berg	Johnson, D.E.	Larson	Oliver	Stevens
Bertram	Johnston	Lesewski	Olson	

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 Files, herewith returned: S.F. Nos. 566, 880, 1624, 304, 1367 and 1221.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1000: A bill for an act relating to real estate; regulating fees, licenses, and agreements; requiring certain disclosures; providing for meetings of the real estate appraiser advisory board; changing terms; regulating fees and licenses; amending Minnesota Statutes 1992, sections 82.17, subdivision 4, and by adding subdivisions; 82.19, subdivision 5, and by adding subdivisions; 82.20, subdivision 15; 82.21, subdivision 1, and by adding a subdivision; 82.22, subdivisions 6 and 13; 82.24, subdivision 1; 82.27, subdivision 1; 82.33, subdivision 2, and by adding subdivisions; 82.34, subdivisions 3 and 7; 82B.02, by adding a subdivision; 82B.035, by adding a subdivision; 82B.05, subdivision 5; 82B.11; 82B.14; 82B.19, subdivision 2; and 507.45, subdivision 4; Laws 1992, chapter 555, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapter 82; repealing Minnesota Statutes 1992, sections 82.22, subdivision 7; and 462A.201, subdivision 5; Minnesota Rules, part 2805.1200.

Senate File No. 1000 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

CONCURRENCE AND REPASSAGE

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 1000 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1000: A bill for an act relating to real estate; regulating fees, licenses, and agreements; requiring certain disclosures; providing for meetings of the real estate appraiser advisory board; changing terms; regulating fees and licenses; appropriating money; amending Minnesota Statutes 1992, sections 82.17, subdivision 4, and by adding subdivisions; 82.19, subdivision 5, and by adding subdivisions; 82.20, subdivision 15; 82.21, subdivision 1, and by adding a subdivision; 82.22, subdivisions 6 and 13; 82.24, subdivision 1; 82.27, subdivision 1; 82.33, subdivision 2, and by adding subdivisions; 82.34, subdivisions 3 and 7; 82B.02, by adding a subdivision; 82B.05, subdivision 5; 82B.11; 82B.14; 82B.19, subdivision 2; and 507.45, subdivision 4; Laws 1992, chapter 555, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapter 82; repealing Minnesota Statutes 1992, sections 82.22, subdivision 7; and 462A.201, subdivision 5; Minnesota Rules, part 2805.1200.

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	Dille	Laidig	Murphy	Robertson
Anderson	Finn	Langseth	Neuville	Runbeck
Beckman	Flynn	Larson	Novak	Sams
Belanger	Frederickson	Lesewski	Oliver	Samuelson
Benson, D.D.	Hottinger	Lessard	Olson	Solon
Benson, J.E.	Johnson, D.E.	Luther	Pariseau	Spear
Berg	Johnston	Marty	Piper	Stevens
Bertram	Kelly	Merriam	Pogemiller	Stumpf
Betzold	Kiscaden	Metzen	Price	Vickerman
Chandler	Knutson	Moe, R.D.	Ranum	Wiener
Chmielewski	Krentz	Mondale	Reichgott	
Day	Kroening	Morse	Riveness	

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. 429: A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in

license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

Senate File No. 429 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

Mr. Solon moved that the Senate do not concur in the amendments by the House to S.F. No. 429, 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. 580: A bill for an act relating to state and local government; providing for the preparation and review of accounts; providing for duties of the state auditor; providing for the costs of examinations; defining the limits to various types of compensation; providing procedures for the satisfaction of claims; providing procedures for the removal of city managers; limiting certain high risk investments; amending Minnesota Statutes 1992, sections 6.56; 16B.06, subdivision 4; 43A.17, subdivision 9, and by adding a subdivision; 340A.602; 375.162, subdivision 2; 375.18, by adding subdivisions; 412.271, subdivision 1, and by adding subdivisions; 412.641, subdivision 1; and 475.66, subdivision 3, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 6; 465; and 471.

Senate File No. 580 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

Ms. Reichgott moved that S.F. No. 580 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. 625: A bill for an act relating to retirement; first class city teachers; annuities, death-while-active survivor benefits, and administration; St. Paul teachers postretirement adjustments; administrative expenses; amending Minnesota Statutes 1992, sections 354A.011, subdivision 27; 354A.021, subdivision 5; 354A.12, subdivisions 1, 1a, 2a, 2b, and by adding a subdivision; 354A.23, subdivision 3; 354A.31, by adding subdivisions; 354A.35, subdivision 2; and 356.215, subdivision 4j.

Senate File No. 625 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

CONCURRENCE AND REPASSAGE

Mr. Solon moved that the Senate concur in the amendments by the House to S.F. No. 625 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 625 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Murphy	Robertson
Anderson	Flynn	Langseth	Neuville	Sams
Beckman	Frederickson	Larson	Novak	Samuelson
Belanger	Hanson	Lesewski	Oliver	Solon
Benson, D.D.	Hottinger	Lessard	Olson	Spear
Benson, J.E.	Johnson, D.E.	Luther	Pappas	Stevens
Berg	Johnson, J.B.	Marty	Pariseau	Stumpf
Bertram	Johnston	McGowan	Piper	Vickerman
Betzold	Kelly	Merriam	Pogemiller	Wiener
Chandler	Kiscaden	Metzen	Price	
Chmielewski	Knutson	Moe, R.D.	Ranum	
Day	Krentz	Mondale	Reichgott	
Dille	Kroening	Morse	Riveness	

Ms. Runbeck 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. 1081: A bill for an act relating to the metropolitan council; redrawing the boundaries of council districts; amending Minnesota Statutes 1992, sections 473.123, subdivision 3a, and by adding a subdivision; 473.141, subdivisions 2 and 4a; 473.373, subdivision 4a; 473.604, subdivision 1; and 473.703, subdivisions 1 and 2; repealing Minnesota Statutes 1992, section 473.123, subdivision 3b.

Senate File No. 1081 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

Mr. Pogemiller moved that S.F. No. 1081 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. 869: A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

There has been appointed as such committee on the part of the House:

Ozment; Johnson, R. and Hasskamp.

Senate File No. 869 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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

S.F. No. 653: A bill for an act relating to town roads; permitting cartways to be established on alternative routes; amending Minnesota Statutes 1992, section 164.08, subdivision 2.

Senate File No. 653 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

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. 1320, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1320: A bill for an act relating to education; requiring changes in college preparation requirements.

Senate File No. 1320 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1993

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Laidig introduced—

Senate Resolution No. 47: A Senate resolution commemorating the sesquicentennial of the City of Stillwater.

Referred to the Committee on Rules and Administration.

Mr. Mondale introduced—

Senate Resolution No. 48: A Senate resolution honoring Amy Lynn Widston, a senior at Hopkins High School, for being named a National Merit Scholar.

Referred to the Committee on Rules and Administration.

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. Luther 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. 40, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 40: A bill for an act relating to probate; establishing a durable power of attorney for health care; establishing duties of health care providers for the provision of life-sustaining health care; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 145B; proposing coding for new law as Minnesota Statutes, chapter 145C; repealing Minnesota Statutes 1992, section 145B.10.

Senate File No. 40 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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

S.F. No. 532: A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

Senate File No. 532 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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

House File No. 129 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 129

A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding; requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

May 13, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 129, 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. 129 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support *or maintenance* payments, *or both,* the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments *and maintenance*.

Sec. 2. Minnesota Statutes 1992, section 214.101, subdivision 4, is amended to read:

Subd. 4. [VERIFICATION OF PAYMENTS.] Before a board may terminate probation, remove a suspension, issue, or renew a license of a person who has been suspended or placed on probation under this section, it shall contact the court that referred the matter to the board to determine that the

applicant is not in arrears for child support *or maintenance or both*. The board may not issue or renew a license until the applicant proves to the board's satisfaction that the applicant is current in support payments *and maintenance*.

Sec. 3. Minnesota Statutes 1992, section 257.022, is amended by adding a subdivision to read:

Subd. 4. [ESTABLISHMENT OF INTERFERENCE WITH PARENT AND CHILD RELATIONSHIP.] *The court may not deny visitation rights under this section based on allegations that the visitation rights would interfere with the relationship between the custodial parent and the child unless after a hearing the court determines by a preponderance of the evidence that interference would occur.*

Sec. 4. Minnesota Statutes 1992, section 257.022, is amended by adding a subdivision to read:

Subd. 5. [VISITATION PROCEEDING MAY NOT BE COMBINED WITH PROCEEDING UNDER CHAPTER 518B.] *Proceedings under this section may not be combined with a proceeding under chapter 518B.*

Sec. 5. Minnesota Statutes 1992, 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), *only if the action is brought within two years after the person bringing the action has reason to believe that the presumed father is not the father of the child, but in no event later than three years after the child's birth.* However, if the presumed father was divorced from the child's mother 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. 6. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT *AND MAINTENANCE* DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support *or maintenance* is delinquent in making payments, the amount of child support *or maintenance* unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support *or maintenance*, 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 *or the party to whom maintenance, 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, *maintenance,* 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 *or maintenance* payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support *or maintenance*. 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, *or the party to whom maintenance is owed,* after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency, or the petitioning parent or guardian, *or the party to whom maintenance is owed,* in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, *maintenance,* 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 *or maintenance* payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money~~ *or maintenance*, 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 *or maintenance*, attorney fees, and costs. If a petition is filed under this subdivision *concerning child support* 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.

Sec. 7. Minnesota Statutes 1992, section 518.17, subdivision 3, is amended to read:

Subd. 3. [CUSTODY 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. 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.~~ *section 518.68, subdivision 1. 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. Each party has the right of access to information regarding health or dental insurance available to the minor children. 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. The court may waive any of the rights under this section if it finds it is necessary to protect the welfare of a party or child.*

Sec. 8. Minnesota Statutes 1992, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] *Every child support order must expressly assign or reserve the responsibility for maintaining medical insurance for the minor children and the division of uninsured medical and dental costs.* 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. 9. Minnesota Statutes 1992, section 518.175, subdivision 6, is amended to read:

Subd. 6. [COMPENSATORY VISITATION.] If the court finds that ~~the noncustodial parent~~ *a person* has been wrongfully deprived of the duly established right to visitation, the court shall order the custodial parent to permit additional visits to compensate for the visitation of which the ~~noncustodial parent~~ *person* was deprived. Additional visits must be:

(1) of the same type and duration as the wrongfully denied visit;

(2) taken within one year after the wrongfully denied visit; and

(3) at a time acceptable to the ~~noncustodial parent~~ *person deprived of visitation.*

Sec. 10. Minnesota Statutes 1992, section 518.177, is amended to read:

518.177 [NOTIFICATION REGARDING DEPRIVATION OF PARENTAL RIGHTS LAW.]

Every court order and judgment and decree concerning custody of or visitation with a minor child shall ~~restate the provisions of section 609.26~~ *contain the notice set out in section 518.68, subdivision 2.*

Sec. 11. Minnesota Statutes 1992, section 518.55, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF ADDRESS OR RESIDENCE CHANGE.] Every obligor shall notify the obligee and the public authority responsible for collection, if applicable, of a change of address or residence within 60 days of the address or residence change. Every order for support or maintenance must contain a conspicuous notice ~~of the requirements of this subdivision~~ *complying with section 518.68, subdivision 2.* The court may waive or modify the requirements of this subdivision by order if necessary to protect the obligor from contact by the obligee.

Sec. 12. Minnesota Statutes 1992, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 and the obligor is in arrears in court-ordered child support *or maintenance* payments *or both*, the court may direct the licensing board to conduct a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 13. Minnesota Statutes 1992, section 518.583, is amended to read:

518.583 [~~NOTICE OF TAX EFFECT ON~~ *CAPITAL GAIN ON SALE OF* 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~~ *judgments* and decrees involving a principal residence must include ~~a~~ *the following* 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.~~ *as a finding of fact or as an appendix:*

"CAPITAL GAIN ON SALE OF PRINCIPAL RESIDENCE

Income tax laws regarding the capital gain tax may apply to the sale of the parties' principal residence and the parties may wish to consult with an attorney or tax advisor concerning the applicable laws. These laws may include, but are 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."

Sec. 14. Minnesota Statutes 1992, 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;

(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 *that complies with section 518.68, subdivision 2*. 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. 15. Minnesota Statutes 1992, section 518.641, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] An order for maintenance or child support shall provide for a biennial adjustment in the amount to be paid based on a change in the cost of living. An order that provides for a cost-of-living adjustment shall specify the cost-of-living index to be applied and the date on which the cost-of-living adjustment shall become effective. The court may use the consumer price index for all urban consumers, Minneapolis-St. Paul (CPI-U), the consumer price index for wage earners and clerical, Minneapolis-St. Paul (CPI-W), or another cost-of-living index published by the department of labor which it specifically finds is more appropriate. Cost-of-living increases under this section shall be compounded. The court may also increase the amount by more than the cost-of-living adjustment by agreement of the parties or by making further findings. The adjustment becomes effective on the first of May of the year in which it is made, for cases in which payment is made to the public authority. For cases in which payment is not made to the public authority, application for an adjustment may be made in any month but no application for an adjustment may be made sooner than two years after the date of the dissolution decree. A court may waive the requirement of the cost-of-living clause if it expressly finds that the obligor's occupation or income, or both, does not provide for cost-of-living adjustment or that the order for maintenance or child support has a provision such as a step increase that has the effect of a cost-of-living clause. The court may waive a cost-of-living adjustment in a maintenance order if the parties so agree in writing. The commissioner of human services may promulgate rules

for child support adjustments under this section in accordance with the rulemaking provisions of chapter 14. *Notice of this statute must comply with section 518.68, subdivision 2.*

Sec. 16. [518.68] [REQUIRED NOTICES.]

Subdivision 1. [REQUIREMENT.] *Every court order for judgment and decree that provides for child support, spousal maintenance, custody, or visitation must contain certain notices as set out in subdivision 2. The information in the notices must be concisely stated in plain language. The notices must be in clearly legible print, but may not exceed two pages. An order or judgment and decree without the notice remains subject to all statutes. The court may waive all or part of the notice required under subdivision 2 relating to parental rights under section 518.17, subdivision 3, if it finds it is necessary to protect the welfare of a party or child.*

Subd. 2. [CONTENTS.] *The required notices must be substantially as follows:*

IMPORTANT NOTICE

1. PAYMENTS TO PUBLIC AGENCY

Pursuant to Minnesota Statutes, section 518.551, subdivision 1, payments ordered for maintenance and support must be paid to the public agency responsible for child support enforcement as long as the person entitled to receive the payments is receiving or has applied for public assistance or has applied for support and maintenance collection services. MAIL PAYMENTS TO:

2. DEPRIVING ANOTHER OF CUSTODIAL OR PARENTAL RIGHTS—A FELONY

A person may be charged with a felony who conceals a minor child or takes, obtains, retains, or fails to return a minor child from or to the child's parent (or person with custodial or visitation rights), pursuant to Minnesota Statutes, section 609.26. A copy of that section is available from any district court clerk.

3. RULES OF SUPPORT, MAINTENANCE, VISITATION

(a) Payment of support or spousal maintenance is to be as ordered, and the giving of gifts or making purchases of food, clothing, and the like will not fulfill the obligation.

(b) Payment of support must be made as it becomes due, and failure to secure or denial of rights of visitation is NOT an excuse for nonpayment, but the aggrieved party must seek relief through a proper motion filed with the court.

(c) The payment of support or spousal maintenance takes priority over payment of debts and other obligations.

(d) A party who remarries after dissolution and accepts additional obligations of support does so with the full knowledge of the party's prior obligation under this proceeding.

(e) Child support or maintenance is based on annual income, and it is the responsibility of a person with seasonal employment to budget income so that payments are made throughout the year as ordered.

4. PARENTAL RIGHTS FROM MINNESOTA STATUTES, SECTION 518.17, SUBDIVISION 3

Unless otherwise provided by the Court:

(a) 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. Each party has the right of access to information regarding health or dental insurance available to 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.

(b) Each party shall keep the other 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.

(c) 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.

(d) Each party has the right of reasonable access and telephone contact with the minor children.

5. WAGE AND INCOME DEDUCTION OF SUPPORT AND MAINTENANCE

Child support and/or spousal maintenance may be withheld from income, with or without notice to the person obligated to pay, when the conditions of Minnesota Statutes, sections 518.611 and 518.613, have been met. A copy of those sections is available from any district court clerk.

6. CHANGE OF ADDRESS OR RESIDENCE

Unless otherwise ordered, the person responsible to make support or maintenance payments shall notify the person entitled to receive the payment and the public authority responsible for collection, if applicable, of a change of address or residence within 60 days of the address or residence change.

7. COST OF LIVING INCREASE OF SUPPORT AND MAINTENANCE

Child support and/or spousal maintenance may be adjusted every two years based upon a change in the cost of living (using Department of Labor Consumer Price Index ....., unless otherwise specified in this order) when the conditions of Minnesota Statutes, section 518.641, are met. Cost of living increases are compounded. A copy of Minnesota Statutes, section 518.641, and forms necessary to request or contest a cost of living increase are available from any district court clerk.

8. JUDGMENTS FOR UNPAID SUPPORT

If a person fails to make a child support payment, the payment owed becomes a judgment against the person responsible to make the payment by operation of law on or after the date the payment is due, and the person entitled to receive the payment or the public agency may obtain entry and docketing of the judgment WITHOUT NOTICE to the person responsible to make the payment under Minnesota Statutes, section 548.091.

9. JUDGMENTS FOR UNPAID MAINTENANCE

A judgment for unpaid spousal maintenance may be entered when the conditions of Minnesota Statutes, section 548.091, are met. A copy of that section is available from any district court clerk.

10. MEDICAL INSURANCE AND EXPENSES

The person responsible to pay support and the person's employer or union are ordered to provide medical and dental insurance and pay for uncovered expenses under the conditions of Minnesota Statutes, section 518.171, unless otherwise provided in this order or the statute. A copy of this statute is available from any district court clerk.

Subd. 3. [COPIES OF LAW AND FORMS.] *The district court administrator shall make available at no charge copies of sections 518.17, 518.611, 518.613, 518.641, 548.091, and 609.26, and shall provide forms to request or contest a cost-of-living increase under section 518.641.*

Sec. 17. Minnesota Statutes 1992, section 518B.01, subdivision 3, is amended to read:

Subd. 3. [COURT JURISDICTION.] An application for relief under this section may be filed in the court having jurisdiction over dissolution actions *in the county of residence of either party, in the county in which a pending or completed family court proceeding involving the parties or their minor children was brought, or in the county in which the alleged domestic abuse occurred.* In a jurisdiction which utilizes referees in dissolution actions, the court or judge may refer actions under this section to a referee to take and report the evidence ~~therein~~ *in the action* in the same manner and subject to the same limitations ~~as is~~ provided in section 518.13. Actions under this section shall be given docket priorities by the court.

Sec. 18. Minnesota Statutes 1992, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] (a) Upon notice and hearing, the court may provide relief as follows:

(1) restrain the abusing party from committing acts of domestic abuse;

(2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;

(3) award temporary custody or establish temporary visitation with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. Except for cases in which custody is contested, findings under section 257.025, 518.17, or 518.175 are not required. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny

visitation entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and visitation shall in no way delay the issuance of an order for protection granting other reliefs provided for in this section;

(4) on the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;

(5) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;

(6) order the abusing party to participate in treatment or counseling services;

(7) award temporary use and possession of property and 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;

(8) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;

(9) order the abusing party to pay restitution to the petitioner; ~~and~~

(10) *order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; and*

(11) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, as provided by this section.

(b) Any relief granted by the order for protection shall be for a fixed period not to exceed one year, except when the court determines a longer fixed period is appropriate.

(c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.

(d) An order granting the relief authorized in paragraph (a), clause (2), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.

(e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.

(f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 19. Minnesota Statutes 1992, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [TEMPORARY ORDER.] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte temporary order for protection, pending a full hearing, and granting relief as the court deems proper, including an order:

(1) restraining the abusing party from committing acts of domestic abuse;

(2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court; ~~and~~

(3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment; *and*

(4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.

(b) A finding by the court that there is a basis for issuing an ex parte temporary order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte temporary relief.

(c) An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days, except for good cause as provided under paragraph (d). A full hearing, as provided by this section, shall be set for not later than seven days from the issuance of the temporary order. The respondent shall be served forthwith a copy of the ex parte order along with a copy of the petition and notice of the date set for the hearing.

(d) When service is made by published notice, as provided under subdivision 5, the petitioner may apply for an extension of the period of the ex parte order at the same time the petitioner files the affidavit required under that subdivision. The court may extend the ex parte temporary order for an additional period not to exceed 14 days. The respondent shall be served forthwith a copy of the modified ex parte order along with a copy of the notice of the new date set for the hearing.

Sec. 20. Minnesota Statutes 1992, section 518B.01, subdivision 9, is amended to read:

Subd. 9. [ASSISTANCE OF SHERIFF IN SERVICE OR EXECUTION.] When an order is issued under this section upon request of the petitioner, the court shall order the sheriff or constable to accompany the petitioner and assist in placing the petitioner in possession of the dwelling or residence, or otherwise assist in execution or service of the order of protection. *If the application for relief is brought in a county in which the respondent is not present, the sheriff shall forward the pleadings necessary for service upon the respondent to the sheriff of the county in which the respondent is present. This transmittal must be expedited to allow for timely service.*

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, section 518.55, subdivisions 2 and 2a, are repealed.

Sec. 22. [EFFECTIVE DATE; APPLICATION.]

Section 5 is effective January 1, 1994, and applies to actions commenced on or after that date."

Delete the title and insert:

"A bill for an act relating to the family; providing for suspension of a license for unpaid maintenance; clarifying certain language; modifying provisions for establishment of third-party visitation rights; modifying time period for bringing certain paternity actions; permitting delinquent maintenance payments to be withheld from tax refunds; changing notices required in certain court orders; requiring certain terms in child support orders; providing for third-party compensatory visitation; providing for jurisdiction of certain domestic abuse actions; providing for pleadings to be forwarded; authorizing additional relief; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 257.022, by adding subdivisions; 257.57, subdivision 1; 289A.50, subdivision 5; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55, subdivision 3; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; 518.641, subdivision 1; and 518B.01, subdivisions 3, 6, 7, and 9; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1992, section 518.55, subdivisions 2 and 2a."

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

House Conferees: (Signed) Phil Carruthers, Thomas Pugh, Bill Macklin

Senate Conferees: (Signed) Don Betzold, Ember D. Reichgott, Martha R. Robertson

Mr. Betzold moved that the foregoing recommendations and Conference Committee Report on H.F. No. 129 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. 129 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	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Lesewski	Oliver	Solon
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pappas	Stevens
Berglin	Johnson, D.E.	Marty	Pariseau	Stumpf
Bertram	Johnson, D.J.	McGowan	Piper	Terwilliger
Betzold	Johnson, J.B.	Metzen	Pogemiller	Wiener
Chandler	Johnston	Moe, R.D.	Price	
Day	Kiscaden	Mondale	Reichgott	
Dille	Krentz	Morse	Robertson	

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. 1062: A bill for an act relating to metropolitan government and urban planning; establishing a metropolitan radio systems planning committee under the metropolitan council.

Senate File No. 1062 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Mr. Mondale moved that the Senate concur in the amendments by the House to S.F. No. 1062 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1062 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kiscaden	Moe, R.D.	Reichgott
Anderson	Day	Krentz	Mondale	Riveness
Beckman	Dille	Kroening	Morse	Robertson
Belanger	Finn	Laidig	Murphy	Sams
Benson, D.D.	Flynn	Langseth	Neuville	Samuelson
Benson, J.E.	Hanson	Larson	Novak	Solon
Berg	Hottinger	Lesewski	Olson	Spear
Berglin	Janezich	Lessard	Pappas	Stevens
Bertram	Johnson, D.E.	Luther	Pariseau	Stumpf
Betzold	Johnson, D.J.	Marty	Piper	Terwilliger
Chandler	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Chmielewski	Kelly	Metzen	Price	Wiener

Ms. Johnston, Mr. Oliver and Ms. Runbeck voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1437 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1437

A bill for an act relating to utilities; requiring cooperative electric

associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1437, 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. 1437 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 16B.61, subdivision 3, is amended to read:

Subd. 3. [SPECIAL REQUIREMENTS.] (a) [SPACE FOR COMMUTER VANS.] The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) [SMOKE DETECTION DEVICES.] The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) [DOORS IN NURSING HOMES AND HOSPITALS.] The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) [CHILD CARE FACILITIES IN CHURCHES; GROUND LEVEL EXIT.] A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) [CHILD CARE FACILITIES IN CHURCHES; VERTICAL ACCESS.] Until August 1, 1996, an organization providing child care in an existing church building which is exempt from taxation under section 272.02, subdivision 1, clause (5), shall have five years from the date of initial licensure under chapter 245A to provide interior vertical access, such as an

elevator, to persons with disabilities as required by the state building code. To obtain the extension, the organization providing child care must secure a $2,500 performance bond with the commissioner of human services to ensure that interior vertical access is achieved by the agreed upon date.

(f) [FAMILY AND GROUP FAMILY DAY CARE.] The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R-3 occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(g) [MINED UNDERGROUND SPACE.] Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(h) [ENCLOSED STAIRWAYS.] No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(i) [DOUBLE CYLINDER DEAD BOLT LOCKS.] No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(j) [RELOCATED RESIDENTIAL BUILDINGS.] A residential building relocated within or into a political subdivision of the state need not comply with the state energy code or section 326.371 provided that, where available, an energy audit is conducted on the relocated building.

(k) [AUTOMATIC GARAGE DOOR OPENING SYSTEMS.] The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(l) [EXIT SIGN ILLUMINATION.] *For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993,* the code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation

exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA)~~. All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 2. Minnesota Statutes 1992, section 116C.54, is amended to read:

116C.54 [ADVANCE ~~FORECASTING~~ *FORECAST REQUIREMENT.*]

Subdivision 1. [REPORT.] Every utility which owns or operates, or plans within the next 15 years to own or operate large electric power generating plants or high voltage transmission lines shall develop forecasts as specified in this section. On or before July 1 of each even-numbered year, every such utility shall submit a report of its forecast to the board. The report may be appropriate portions of a single regional forecast or may be jointly prepared and submitted by two or more utilities and shall contain the following information:

(1) Description of the tentative regional location and general size and type of all large electric power generating plants and high voltage transmission lines to be owned or operated by the utility during the ensuing 15 years or any longer period the board deems necessary;

(2) Identification of all existing generating plants and transmission lines projected to be removed from service during any 15 year period or upon completion of construction of any large electric power generating plants and high voltage transmission lines;

(3) Statement of the projected demand for electric energy for the ensuing 15 years and the underlying assumptions for this forecast, such information to be as geographically specific as possible where this demand will occur;

(4) Description of the capacity of the electric power system to meet projected demands during the ensuing 15 years;

(5) Description of the utility's relationship to other utilities and regional associations, power pools or networks; and

(6) Other relevant information as may be requested by the board.

On or before July 1 of each odd-numbered year, a utility shall verify or submit revisions to items (1) and (2).

Subd. 2. [EXCEPTION.] *Public electric utilities submitting advance forecasts containing all information specified in subdivision 1 as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement of this section.*

Sec. 3. Minnesota Statutes 1992, section 216B.09, is amended to read:

216B.09 [STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.]

Subdivision 1. [COMMISSION AUTHORITY, GENERALLY.] The commission, ~~after hearing upon reasonable notice had upon~~ *on* its own motion or upon complaint *and after reasonable notice and hearing*, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished~~;~~.

Subd. 2. [ELECTRIC SERVICE.] *The commission, on its own motion or upon complaint and after reasonable notice and hearing, may* ascertain and fix adequate and reasonable standards for the measurement of the quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the service; prescribe reasonable rules for the examination and testing of the service and for the measurement thereof; establish or approve reasonable rules, specifications, and standards to secure the accuracy of all meters, instruments and equipment used for the measurement of any service of any public utility. *In this subdivision, service standards or requirements governing any current or voltage originating from the practice of grounding of electrical systems apply to cooperative associations and municipal utilities providing or furnishing retail electric service to agricultural customers.*

Subd. 3. [FILINGS.] Any standards, classifications, rules, or practices now or hereafter observed or followed by any public utility may be filed by it with the commission, and the same shall continue in force until amended by the public utility or until changed by the commission as herein provided.

The commission may require the filing of all rates, including rates charged to and by public utilities.

Subd. 4. [APPEARANCES BEFORE FEDERAL AGENCY.] The commission is empowered to appear before the Federal ~~Power~~ *Energy Regulatory* Commission to offer evidence and to seek appropriate relief in any case in which the rates charged consumers within the state of Minnesota may be affected.

Sec. 4. Minnesota Statutes 1992, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits ~~including an energy conservation improvement plan pursuant to section 216B.241~~, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. *If the filing utility does not have an approved conservation improvement plan on file with the department of public service, it shall also include in its notice an energy conservation plan pursuant to section 216B.241.* The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.

Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT.] *(a)* When a public utility submits a general rate filing, the office of administrative hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the office of administrative hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. *The office of administrative*

hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing. The commission may accept the settlement on finding that to do so is in the public interest and is supported by substantial evidence. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

Sec. 6. Minnesota Statutes 1992, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in ~~paragraph (b)~~ *this subdivision or subdivision 1a*. During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission~~, the schedule is deemed to have been approved 12 months after the initial filing~~ *and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.*

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 7. Minnesota Statutes 1992, section 216B.16, subdivision 3, is amended to read:

Subd. 3. [INTERIM RATES.] Notwithstanding any order of suspension of a proposed increase in rates, the commission shall order an interim rate schedule into effect not later than 60 days after the initial filing date. The commission shall order the interim rate schedule ex parte without a public hearing. Notwithstanding the provisions of sections 216.25, 216B.27 and 216B.52, no interim rate schedule ordered by the commission pursuant to this subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination. Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.

If, at the time of its final determination, the commission finds that the interim rates are in excess of the rates in the final determination, the commission shall order the utility to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission. The utility shall commence distribution of the refund to its customers within 120 days of the final order, not subject to rehearing or appeal. If, at the time of its final determination, the commission finds that the interim rates are less than the rates in the final determination, the commission shall prescribe a method by which the utility will recover the difference in revenues ~~from~~ *between* the date of the final determination ~~to~~ *and* the date the new rate schedules are put into effect. *In addition, when an extension is granted for settlement discussions under*

subdivision 1a, the commission shall allow the utility to also recover the difference in revenues for a length of time equal to the length of the extension.

If the public utility fails to make refunds within the period of time prescribed by the commission, the commission shall sue therefor and may recover on behalf of all persons entitled to a refund. In addition to the amount of the refund and interest due, the commission shall be entitled to recover reasonable attorney's fees, court costs and estimated cost of administering the distribution of the refund to persons entitled to it. No suit under this subdivision shall be maintained unless instituted within two years after the end of the period of time prescribed by the commission for repayment of refunds. The commission shall not order an interim rate schedule in a general rate case into effect as provided by this subdivision until at least four months after it has made a final determination concerning any previously filed change of the rate schedule or the change has otherwise become effective under subdivision 2, unless:

(1) the commission finds that a four month delay would unreasonably burden the utility, its customers, or its shareholders and that an earlier imposition of interim rates is therefore necessary; or

(2) the utility files a second general rate case at least 12 months after it has filed a previous general rate case for which the commission has extended the suspension period under subdivision 2.

Sec. 8. Minnesota Statutes 1992, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. [LARGE ENERGY FACILITY.] "Large energy facility" means:

(a) any electric power generating plant or combination of plants at a single site with a combined capacity of 80,000 kilowatts or more, or any facility of ~~5,000~~ *50,000* kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a);

(b) any high voltage transmission line with a capacity of 200 kilovolts or more and with more than 50 miles of its length in Minnesota; or, any high voltage transmission line with a capacity of 300 kilovolts or more with more than 25 miles of its length in Minnesota;

(c) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

(d) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(e) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(f) any underground gas storage facility requiring permit pursuant to section 103I.681;

(g) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(h) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 9. Minnesota Statutes 1992, section 216B.2421, is amended by adding a subdivision to read:

Subd. 3. [MULTIFUEL FACILITIES; PRIMARY FUEL SOURCE.] *If more than one fuel source would be used for any electric power generating plant or combination of plants at a single site, the primary fuel source determines whether the facility is a large energy facility.*

Sec. 10. Minnesota Statutes 1992, section 216B.43, is amended to read:

216B.43 [HEARINGS; COMPLAINTS.]

Upon the filing of an application under section 216B.42 or upon complaint by an affected utility that the provisions of sections 216B.39 to 216B.42 have been violated, the commission shall hold a hearing, upon notice, within ~~15~~ *30* days after the filing of the ~~application~~ ~~of~~ complaint, and shall render its decision within 30 days after ~~said~~ *the* hearing.

Sec. 11. Minnesota Statutes 1992, section 216B.48, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF AFFILIATED INTERESTS.] "Affiliated interests" with a public utility means the following:

(a) Every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility.

(b) Every corporation and person in any chain of successive ownership of five percent or more of voting securities.

(c) Every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.

(d) Every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities.

(e) Every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has directors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors.

(f) Every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

(g) Every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with

which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated.

(h) Every subsidiary of a public utility.

(i) Every part of a corporation in which an operating division is a public utility.

Sec. 12. Minnesota Statutes 1992, section 216B.48, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS.] No contract or arrangement, *including any general or continuing arrangement,* providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975 between a public utility and any affiliated interest as defined ~~in Laws 1974, chapter 429~~ *subdivision 1, clauses (a) to (h), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (i), made or entered into after August 1, 1993,* ~~shall be~~ *is* valid or effective unless and until the contract or arrangement has received the written approval of the commission. *Regular recurring transactions under a general or continuing arrangement that has been approved by the commission are valid if they are conducted in accordance with the approved terms and conditions.* ~~It shall be the duty of~~ Every public utility ~~to~~ *shall* file with the commission a verified copy of the contract or arrangement, or a verified summary of the unwritten contract or arrangement, and also of all the contracts and arrangements, whether written or unwritten, entered into prior to January 1, 1975, *or, for the purposes of subdivision 1, clause (i), prior to August 1, 1993,* and in force and effect at that time. The commission shall approve the contract or arrangement made or entered into after that date only if it ~~shall~~ clearly ~~appear~~ *appears* and ~~be~~ *is* established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement ~~shall~~ *may* receive the commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service ~~described herein~~ to each public utility. ~~No~~ Proof ~~shall be~~ *is* satisfactory ~~within the meaning of the foregoing sentence unless~~ *only if* it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement ~~shall be~~ *is* on the public utility.

Sec. 13. Minnesota Statutes 1992, section 216B.48, subdivision 4, is amended to read:

Subd. 4. [CONTRACTS ~~WITH CONSIDERATION LESS THAN $10,000~~ *NOT EXCEEDING $50,000.*] The provisions of this section requiring the written approval of the commission shall not apply to transactions with affiliated interests where the amount of consideration involved is not in excess of ~~$10,000~~ *$50,000* or five percent of the capital equity of the utility

whichever is smaller; provided, however, that regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions to come within the aforesaid exemption. Such transactions shall be valid or effective without commission approval under this section. However, in any proceeding involving the rates or practices of the public utility, the commission may exclude from the accounts of such public utility any payment or compensation made pursuant to the transaction unless the public utility shall establish the reasonableness of the payment or compensation.

Sec. 14. Minnesota Statutes 1992, section 216C.17, subdivision 3, is amended to read:

Subd. 3. [DUPLICATION.] The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. *Public electric utilities submitting advance forecasts containing all information specified in section 116C.54, subdivision 1, as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement in subdivision 2.*

Sec. 15. Minnesota Statutes 1992, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "Commissioner" means the commissioner of public service. ~~Upon passage of legislation creating a body known as the Minnesota public facilities authority, the duties assigned to the commissioner in this section are delegated to the authority.~~

(b) "Maxi-audit" means a detailed engineering analysis of energy-saving improvements to existing buildings or stationary energy-using systems, including (1) modifications to building structures; (2) heating, ventilating, and air conditioning systems; (3) operation practices; (4) lighting; and (5) other factors that relate to energy use. The primary purpose of the engineering analysis is to quantify the economic and engineering feasibility of energy-saving improvements that require capital expenditures or major operational modifications.

(c) "Energy conservation investments" ~~mean~~ *means* all capital expenditures that are associated with conservation measures identified in a maxi-audit *or energy project study,* and that have a ten-year or less payback period. ~~Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.~~

(d) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(e) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description

of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 16. Minnesota Statutes 1992, section 299F.011, subdivision 4c, is amended to read:

Subd. 4c. [EXIT SIGN ILLUMINATION.] *For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993,* the uniform fire code must prohibit the use of internally illuminated exit signs whose electrical consumption during non-emergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA)~~. All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 17. Minnesota Statutes 1992, section 446A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The Minnesota public facilities authority consists of the commissioner of trade and economic development, the commissioner of finance, ~~the commissioner of public service,~~ the commissioner of the pollution control agency, and three additional members appointed by the governor from the general public with the advice and consent of the senate.

Sec. 18. Minnesota Statutes 1992, section 446A.10, subdivision 2, is amended to read:

Subd. 2. [OTHER RESPONSIBILITIES.] (a) The responsibilities for the health care equipment loan program under Minnesota Statutes 1986, section 116M.07, subdivisions 7a, 7b, and 7c; ~~the public school energy conservation loan program under section 216C.37; and the district heating and qualified energy improvement loan program under section 216C.36~~, are transferred from the Minnesota energy and economic development authority to the Minnesota public facilities authority. ~~The commissioner of public service shall continue to administer the municipal energy grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 until the commissioner of trade and economic development has adopted rules to implement the financial administration of the programs as provided under sections 216C.36, subdivisions 2, 3b, 3c, 8, 8a, and 11, and 216C.37, subdivisions 1 and 8.~~

(b) Except as otherwise provided in this paragraph, section 15.039 applies to the transfer of responsibilities. The transfer includes 8-1/2 positions from the financial management division of the department of trade and economic development to the community development division of the department of trade and economic development. ~~The commissioner of trade and economic development and the commissioner of public service shall determine which classified and unclassified positions associated with the responsibilities of the grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 are transferred to the commissioner of public service and which positions are transferred to the commissioner of trade and economic development in order to carry out the purposes of Laws 1987, chapter 386, article 3.~~

Sec. 19. Minnesota Statutes 1992, section 465.74, subdivision 1, is amended to read:

Subdivision 1. [CITIES OF THE FIRST CLASS.] Any city operating or authorized to operate a public utility pursuant to chapter 452 or its charter is authorized to acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system shall not be subject to the election requirement of sections 452.11 and 452.12, or city charter provision, but must be approved by a three-fifths vote of the city's council or other governing body. Loans obtained by a municipality pursuant to *Minnesota Statutes 1992,* section 216C.36 are not subject to the limitations on the amount of money which may be borrowed upon a pledge of the city's full faith and credit or the election requirements for general obligation borrowing, contained in section 452.08.

Sec. 20. Minnesota Statutes 1992, section 465.74, subdivision 4, is amended to read:

Subd. 4. [NET DEBT LIMITS.] The loan obligations or debt incurred by a political subdivision pursuant to section ~~216C.36 or~~ 475.525, *or Minnesota Statutes 1992, section 216C.36,* shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.

Sec. 21. Minnesota Statutes 1992, section 465.74, subdivision 6, is amended to read:

Subd. 6. [DEFINITION.] For the purposes of this section, and chapters 474 and 475, "district heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

In keeping with the public purpose ~~of section 216C.36, subdivision 1,~~ to encourage state and local leadership and aid in providing available and economical district heating service, the definition of "district heating system" under this section should be broadly construed to allow municipal government sufficient flexibility and authority to evaluate and undertake such policies and projects as will most efficiently and economically encourage local expansion of district heating service.

Sec. 22. Laws 1981, chapter 354, section 4, is amended to read:

Sec. 4. [HERMANTOWN, *PROCTOR, RICE LAKE,* AND DULUTH; WATER SERVICE.]

Subdivision 1. [DEFINITION.] *For the purposes of this section, "local government unit or units" means the cities of Hermantown and Proctor and the town of Rice Lake.*

Subd. 2. [REQUEST FOR SERVICE.] ~~By September 1, 1981, the city of Hermantown~~ *A local government unit* shall submit to the city of Duluth a request for water service including the volume of water needed and the number of years for which the service is requested.

Subd. ~~2.~~ *3.* [CONTRACT OFFER; RATE.] ~~By April 1, 1982,~~ The city of Duluth shall offer a contract to ~~the city of Hermantown~~ *a local government unit* to provide the service requested by the ~~city of Hermantown~~ *local government unit* at a rate determined by the city of Duluth. The rate shall be based on a reasonable allocation of the capital, repair and operating expenses of the Duluth water system which are attributable to the water service requested by the ~~city of Hermantown~~ *local government unit*, including the full cost of any capital construction and repairs required by the volume of service to the ~~city of Hermantown~~ *local government unit*. The rate *for each local government unit* shall provide for an amortization of any construction costs reflected in the rate over a reasonable period not to exceed the terms of the proposed contract.

Subd. ~~3.~~ *4.* [APPEAL TO PUBLIC UTILITIES COMMISSION.] Not later than 90 days after the city of Duluth offers a contract under subdivision ~~2~~ *3*, ~~the city of Hermantown~~ *a local government unit* may appeal the rate determined by the city of Duluth by filing a petition with the public utilities commission. If a petition is filed, the city shall file its answer within 30 days after the petition is filed. The commission, after public notice and hearing, shall determine whether the rate is just and reasonable consistent with the provisions of subdivision ~~2~~ *3*. Not later than 120 days after a petition ~~of the city of Hermantown~~ is filed, the commission shall affirm the rate or, if it finds that the rate is not just and reasonable, determine a just and reasonable rate. The rulemaking and contested case procedures of sections ~~15.0412~~ *14.05* to ~~15.0422~~ *14.62* shall not apply to any proceeding required by this subdivision.

Subd. ~~4.~~ *5.* [CONTRACT.] Not later than 90 days after the rate is affirmed or determined by the commission or, if no appeal is taken under subdivision ~~3~~ *4*, not later than 90 days after a contract is offered under subdivision ~~2~~ *3*, ~~the cities of Hermantown~~ *a local government unit* and Duluth shall enter a contract for provision of water service by the city of Duluth to the ~~city of Hermantown~~ *local government unit*. The rate for the service shall be the rate determined by the city of Duluth pursuant to subdivision ~~2~~ *3* or, if the commission has affirmed or determined a rate, the rate affirmed or determined by the commission.

Sec. 23. [VENTILATION STANDARDS REPORT.]

The department of administration, building code division, shall in consultation with the department of public service develop recommended ventilation standards for single family homes to include mechanical ventilation or other types of ventilation standards and report the proposed standards to the legislature by January 15, 1994.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 216C.36, is repealed.

Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380, are repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 and 15 are effective the day following final enactment.

Under Minnesota Statutes 1992, section 645.023, subdivision 1, clause (a), section 22 is effective without local approval on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to utilities; setting requirements for exit sign illumination for new buildings; eliminating advance forecast requirements for public electric utilities submitting advance forecasts in an integrated resource plan; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; allowing extension of utility rate hearings in certain cases; eliminating district heating loan program; setting conditions for certain utility contracts; regulating the provision of water service to communities near Duluth; making technical changes; amending Minnesota Statutes 1992, sections 16B.61, subdivision 3; 116C.54; 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2 and by adding a subdivision; 216B.43; 216B.48, subdivisions 1, 3, and 4; 216C.17, subdivision 3; 216C.37, subdivision 1; 299F.011, subdivision 4c; 446A.03, subdivision 1; 446A.10, subdivision 2; and 465.74, subdivisions 1, 4, and 6; Laws 1981, chapter 354, section 4; repealing Minnesota Statutes 1992, section 216C.36; Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380."

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

Senate Conferees: (Signed) Steven G. Novak, Janet B. Johnson, Ellen R. Anderson

House Conferees: (Signed) Joel Jacobs, Loren Jennings, Dave Gruenes

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1437 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. 1437 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	Dille	Kroening	Mondale	Reichgott
Anderson	Finn	Laidig	Morse	Riveness
Beckman	Flynn	Langseth	Murphy	Robertson
Belanger	Frederickson	Larson	Neuville	Runbeck
Benson, D.D.	Hanson	Lesewski	Novak	Sams
Benson, J.E.	Hottinger	Lessard	Oliver	Samuelson
Berg	Janezich	Luther	Olson	Spear
Berglin	Johnson, D.E.	Marty	Pappas	Stevens
Bertram	Johnson, D.J.	McGowan	Pariseau	Stumpf
Betzold	Johnston	Merriam	Piper	Terwilliger
Chmielewski	Kiscaden	Metzen	Pogemiller	Vickerman
Day	Krentz	Moe, R.D.	Price	Wiener

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Pogemiller moved that S.F. No. 1081 be taken from the table. The motion prevailed.

S.F. No. 1081: A bill for an act relating to the metropolitan council; redrawing the boundaries of council districts; amending Minnesota Statutes 1992, sections 473.123, subdivision 3a, and by adding a subdivision; 473.141, subdivisions 2 and 4a; 473.373, subdivision 4a; 473.604, subdivision 1; and 473.703, subdivisions 1 and 2; repealing Minnesota Statutes 1992, section 473.123, subdivision 3b.

CONCURRENCE AND REPASSAGE

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 1081 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1081 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 12, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kelly	Mondale	Runbeck
Anderson	Dille	Krentz	Morse	Sams
Beckman	Finn	Kroening	Murphy	Samuelson
Belanger	Flynn	Langseth	Novak	Spear
Berg	Frederickson	Lessard	Pappas	Stumpf
Berglin	Hanson	Luther	Piper	Vickerman
Bertram	Hottinger	Marty	Pogemiller	Wiener
Betzold	Janezich	McGowan	Price	
Chandler	Johnson, D.E.	Merriam	Reichgott	
Chmielewski	Johnson, D.J.	Metzen	Riveness	
Cohen	Johnson, J.B.	Moe, R.D.	Robertson	

Those who voted in the negative were:

Benson, D.D.	Kiscaden	Neuville	Olson	Stevens
Benson, J.E.	Laidig	Oliver	Pariseau	Terwilliger
Johnston	Lesewski			

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

MOTIONS AND RESOLUTIONS – CONTINUED

Ms. Reichgott moved that S.F. No. 580 be taken from the table. The motion prevailed.

S.F. No. 580: A bill for an act relating to state and local government; providing for the preparation and review of accounts; providing for duties of the state auditor; providing for the costs of examinations; defining the limits to various types of compensation; providing procedures for the satisfaction of claims; providing procedures for the removal of city managers; limiting certain high risk investments; amending Minnesota Statutes 1992, sections 6.56; 16B.06, subdivision 4; 43A.17, subdivision 9, and by adding a

subdivision; 340A.602; 375.162, subdivision 2; 375.18, by adding subdivisions; 412.271, subdivision 1, and by adding subdivisions; 412.641, subdivision 1; and 475.66, subdivision 3, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 6; 465; and 471.

CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 580 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 580 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kroening	Murphy	Runbeck
Anderson	Dille	Laidig	Neuville	Sams
Beckman	Finn	Langseth	Novak	Samuelson
Belanger	Flynn	Larson	Oliver	Solon
Benson, D.D.	Frederickson	Lesewski	Olson	Spear
Benson, J.E.	Hottinger	Lessard	Pappas	Stevens
Berg	Janezich	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	Merriam	Pogemiller	Vickerman
Betzold	Johnston	Metzen	Price	Wiener
Chandler	Kelly	Moe, R.D.	Reichgott	
Chmielewski	Kiscaden	Mondale	Riveness	
Cohen	Krentz	Morse	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 306 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 306

A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 306, 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. 306 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPOINTMENT PROCEDURES

Section 1. Minnesota Statutes 1992, section 15.0575, subdivision 4, is amended to read:

Subd. 4. [REMOVAL; VACANCIES.] A member may be removed by the appointing authority at any time (1) for cause, after notice and hearing, or (2) after missing three consecutive meetings. The chair of the board shall inform the appointing authority of a member missing the three consecutive meetings. After the second consecutive missed meeting and before the next meeting, the secretary of the board shall notify the member in writing that the member may be removed for missing the next meeting. In the case of a vacancy on the board, the appointing authority shall appoint~~, subject to the advice and consent of the senate if the member is appointed by the governor,~~ a person to fill the vacancy for the remainder of the unexpired term. *An appointment to fill a vacancy is subject to the advice and consent of the senate if the appointment of the person whose position is vacant was subject to the advice and consent of the senate.*

Sec. 2. Minnesota Statutes 1992, section 15.06, subdivision 5, is amended to read:

Subd. 5. [EFFECT OF DESIGNATION OF ACTING OR TEMPORARY COMMISSIONER.] A person who is designated acting commissioner or temporary commissioner ~~pursuant to subdivisions~~ *under subdivision* 3 or 4 ~~shall~~ immediately ~~have~~ *has* all the powers and emoluments and *may* perform all the duties of the office. A person who is designated permanent commissioner ~~shall have~~ *has* all the powers and may perform all the duties of the office upon receipt of the letter of appointment by the president of the senate ~~pursuant to~~ *in accordance with* section 15.066. Upon the appointment of a permanent commissioner or acting commissioner to succeed any other acting or temporary commissioner, the subsequent appointee shall immediately take the place of any other acting or temporary commissioner. No person ~~shall~~ *may* serve as a permanent commissioner or acting commissioner after the senate has voted to refuse to consent to the person's appointment as permanent commissioner. *A person designated as a permanent commissioner may serve until the end of the term of office for the position unless the senate has voted to refuse to consent to the person's appointment as permanent commissioner. In conformity with subdivision 2, no temporary or acting commissioner may serve more than 45 legislative days after the end of a term of a commissioner or the occurrence of a vacancy.* Notice of the designation of a commissioner or acting commissioner, or the assumption of office by a temporary commissioner, ~~shall~~ *must* be filed with the president of the senate and the speaker of the house with a copy delivered to the secretary of state and published in the next available edition of the State Register.

Sec. 3. Minnesota Statutes 1992, section 15.066, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] In all appointments to state agencies which require the advice and consent of the senate, the following procedure ~~shall apply~~ *applies*:

(a) the appointing authority shall provide to the president of the senate a letter of appointment, which ~~shall~~ *must* include the position title to which the

appointment is being made; *a copy of the notice of appointment;* the name, street address, city, and county of the appointee; and the term of the appointment;

(b) for those positions for which a statement of economic interest is required to be filed by section 10A.09, the appointing authority shall give the notice to the ethical practices board required by section 10A.09, subdivision 2, at the time the letter of appointment is directed to the president of the senate;

(c) if the appointment is subject to the open appointments program provided by section 15.0597, the appointing authority shall provide the senate with a copy of the application provided by section 15.0597, at the time the letter of appointment is directed to the president of the senate; and

(d) the appointment ~~shall be~~ *is* effective and the appointee may commence to exercise the duties of the office upon the receipt of the letter of appointment by the president of the senate.

ARTICLE 2

REGULATING CONTRACTS FOR PROFESSIONAL OR TECHNICAL SERVICES

Section 1. Minnesota Statutes 1992, section 15.061, is amended to read:

15.061 [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL SERVICES.]

~~Pursuant to the provisions of~~ *In accordance with* section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for ~~consultant services and~~ professional ~~and~~ *or* technical services in connection with the operation of the department or agency. A contract negotiated under this section ~~shall~~ *is* not ~~be~~ subject to the competitive bidding requirements of chapter ~~16~~ *16B*.

Sec. 2. Minnesota Statutes 1992, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. [CONTRACTS.] *The detailed budget estimate must also include the following information on professional and technical services contracts:*

(1) the number and amount of contracts over $25,000 for each agency for the past biennium;

(2) the anticipated number and amount of contracts over $25,000 for each agency for the upcoming biennium; and

(3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 3. [16B.167] [EMPLOYEE SKILLS INVENTORY.]

The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional and technical service contracts as developed through the collective bargaining process.

Sec. 4. Minnesota Statutes 1992, section 16B.17, is amended to read:

16B.17 [~~CONSULTANTS AND~~ *PROFESSIONAL OR* TECHNICAL SERVICES.]

Subdivision 1. [TERMS.] For *the* purposes of this section, ~~the following terms have the meanings given them:~~

~~(a) [CONSULTANT SERVICES.] "Consultant services"~~ *"professional or technical services"* means services ~~which~~ *that* are intellectual in character; ~~which~~ *that* do not involve the provision of supplies or materials; ~~which~~ *that* include *consultation* analysis, evaluation, prediction, planning, or recommendation; and ~~which~~ *that* result in the production of a report *or the completion of a task.*

~~(b) [PROFESSIONAL AND TECHNICAL SERVICES.] "Professional and technical services" means services which are predominantly intellectual in character; which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. [PROCEDURE FOR ~~CONSULTANT AND~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL SERVICES CONTRACTS.] Before approving a proposed state contract for ~~consultant services or~~ professional ~~and~~ *or* technical services the commissioner must determine, at least, that:

(1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) no current state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract; ~~and~~

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed*; and*

(7) the combined contract and its amendments will not extend for more than five years.

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a ~~consultant or~~ professional ~~and~~ *or* technical services contract valued in excess of $5,000, it must certify to the commissioner that:

(1) *the agency has publicized the contract by posting notices at appropriate worksites within agencies and has made reasonable efforts to determine that* no state employee*, including an employee outside the contracting agency,* 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 *to the public*;

(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; *and*

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

The agency certification must provide detail on how the agency complied with this subdivision. In particular, the agency must describe how it complied with clauses (1) and (4) and what steps it has taken to verify the competence of the proposed contractor.

Subd. 3a. [RENEWALS.] *The renewal of a professional or technical contract must comply with all requirements, including notice, required for the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.*

Subd. 4. [REPORTS.] *(a)* The commissioner shall submit to the governor and the ~~legislature~~ *legislative reference library* a monthly listing of all contracts for ~~consultant services and for~~ professional ~~and~~ *or* 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 *and annual* reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly, quarterly, and annual reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) For an agency listed in section 15.01, within 30 days of final completion of a contract over $5,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page statement to the chairs of the appropriate policy and finance committees or divisions in the legislature. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract to further the agency's mission;

(2) evaluate the conclusions reached under the contract and state how these conclusions help the agency to take action to further accomplish its mission; and

(3) state the amount spent on the contract and explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] *(a)* A ~~consultant or technical and~~ professional *or technical* services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is ~~to be~~ a *written* report, ~~no more than three copies of the report, one in camera ready form, shall be submitted to the~~ *an* agency *must obtain copies in the most cost-efficient manner*. One of the copies must be filed with the legislative reference library.

(b) The terms of a contract entered into by an agency listed in section 15.01 must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 5. Minnesota Statutes 1992, section 16B.19, subdivision 2, is amended to read:

Subd. 2. [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or~~ professional ~~and~~ *or* technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ *must* otherwise comply with section 16B.17.

Sec. 6. Minnesota Statutes 1992, section 16B.19, subdivision 10, is amended to read:

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for ~~consultant,~~ professional~~,~~ or technical services under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 7. Minnesota Statutes 1992, section 473.129, is amended by adding a subdivision to read:

Subd. 2a. [CONTRACT CONDITIONS; REPORTING.] *The metropolitan council shall provide by rule conditions for its professional and technical service contracts that are equivalent to the conditions required for state contracts under section 16B.17.*

Sec. 8. [LEGISLATIVE AUDITOR.]

The legislative audit commission shall consider directing the legislative

auditor to conduct a follow-up study of agency contracting and compliance with laws governing contracting.

Sec. 9. [TRANSFER.]

During the biennium ending June 30, 1995, the commissioner of administration shall transfer two additional full-time equivalent positions to review professional and technical service contracts.

Sec. 10. [SPENDING LIMITATION ON CONTRACTS.]

During the biennium ending June 30, 1995, the amount spent by a department listed in Minnesota Statutes, section 15.01 from direct-appropriated funds on professional or technical service contracts that are subject to review and approval of the commissioner of administration may not exceed 90 percent of the amount the department spent on these contracts from these funds in the biennium from July 1, 1991 to June 30, 1993. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include: contracts for highway construction or maintenance; contracts entered into by state institutions to provide direct medical or health care services to clients in these institutions; contracts for large-scale information systems projects; contracts for capital development projects, including life and safety improvements; tourism contracts or grants; or contracts between state agencies, contracts between a state agency and the University of Minnesota or a political subdivision, or contracts between a state agency and the federal government.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; providing oversight of certain state and metropolitan government contracts; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; 15.061; 15.066, subdivision 2; 16A.11, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; and 473.129, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B."

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

Senate Conferees: (Signed) James P. Metzen, Phil J. Riveness

House Conferees: (Signed) Brian Bergson, Joe Opatz, Dennis Ozment

Mr. Metzen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 306 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Benson, D.D. moved that the recommendations and Conference Committee Report on S.F. No. 306 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. Benson, D.D.

The roll was called, and there were yeas 32 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Dille	Laidig	Merriam	Robertson
Benson, D.D.	Frederickson	Langseth	Neuville	Runbeck
Benson, J.E.	Hottinger	Larson	Oliver	Stevens
Berg	Johnson, D.E.	Lesewski	Olson	Terwilliger
Berglin	Johnston	Lessard	Pariseau	
Chmielewski	Kiscaden	Marty	Piper	
Day	Knutson	McGowan	Ranum	

Those who voted in the negative were:

Adkins	Finn	Krentz	Murphy	Sams
Anderson	Flynn	Kroening	Novak	Samuelson
Beckman	Hanson	Luther	Pappas	Solon
Bertram	Janezich	Metzen	Pogemiller	Spear
Betzold	Johnson, D.J.	Moe, R.D.	Price	Stumpf
Chandler	Johnson, J.B.	Mondale	Reichgott	Vickerman
Cohen	Kelly	Morse	Riveness	Wiener

The motion did not prevail.

The question recurred on the motion of Mr. Metzen. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 306 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Krentz	Morse	Riveness
Anderson	Finn	Kroening	Murphy	Sams
Beckman	Flynn	Langseth	Novak	Samuelson
Berg	Hanson	Lessard	Pappas	Solon
Berglin	Hottinger	Luther	Piper	Spear
Bertram	Janezich	Marty	Pogemiller	Stumpf
Betzold	Johnson, D.J.	Metzen	Price	Vickerman
Chandler	Johnson, J.B.	Moe, R.D.	Ranum	Wiener
Chmielewski	Kelly	Mondale	Reichgott	

Those who voted in the negative were:

Belanger	Frederickson	Laidig	Neuville	Runbeck
Benson, D.D.	Johnson, D.E.	Larson	Oliver	Stevens
Benson, J.E.	Johnston	Lesewski	Olson	Terwilliger
Day	Kiscaden	McGowan	Pariseau	
Dille	Knutson	Merriam	Robertson	

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Ranum moved that the following members be excused for a Conference Committee on H.F. No. 1245 from 1:30 to 2:45 p.m.:

Messrs. Knutson, Merriam and Ms. Ranum. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

RECONSIDERATION

Mr. Riveness moved that the vote whereby S.F. No. 751 failed to pass the Senate on May 13, 1993, be now reconsidered. The motion prevailed. So the vote was reconsidered.

S.F. No. 751: A bill for an act relating to local government; regulating tanning facilities; requiring warning notices; establishing record keeping requirements; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 461.

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 24, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Larson	Novak	Riveness
Beckman	Hottinger	Luther	Oliver	Runbeck
Berglin	Janezich	Marty	Olson	Spear
Bertram	Johnson, D.J.	Merriam	Pappas	Stumpf
Betzold	Johnson, J.B.	Metzen	Piper	Terwilliger
Chandler	Kelly	Moe, R.D.	Pogemiller	Wiener
Cohen	Krentz	Mondale	Price	
Finn	Kroening	Morse	Ranum	
Flynn	Laidig	Murphy	Reichgott	

Those who voted in the negative were:

Adkins	Chmielewski	Johnston	Lessard	Sams
Belanger	Day	Kiscaden	McGowan	Samuelson
Benson, D.D.	Dille	Knutson	Neuville	Stevens
Benson, J.E.	Hanson	Langseth	Pariseau	Vickerman
Berg	Johnson, D.E.	Lesewski	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 869 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 869

A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 869, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that the amendment (H1152-1) to S.F. No. 869 be further amended as follows:

Page 7, line 35, strike "township"

Page 18, line 3, after "[GARBAGE.]" insert "*(a)*"

Page 18, after line 7, insert:

"*(b) A county may allow a resident to conduct open burning of material described in paragraph (a) that is generated from the resident's household if the county board by resolution determines that regularly scheduled pickup of the material is not reasonably available to the resident.*"

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

Senate Conferees: (Signed) Bob Lessard, Florian Chmielewski, Dennis R. Frederickson

House Conferees: (Signed) Dennis Ozment, Bob Johnson, Kris Hasskamp

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on S.F. No. 869 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. 869 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	Day	Kiscaden	Morse	Robertson
Anderson	Dille	Knutson	Murphy	Runbeck
Beckman	Finn	Krentz	Neuville	Sams
Belanger	Flynn	Laidig	Novak	Samuelson
Benson, D.D.	Frederickson	Langseth	Oliver	Solon
Benson, J.E.	Hanson	Larson	Olson	Stevens
Berg	Hottinger	Lesewski	Pappas	Stumpf
Berglin	Janezich	Lessard	Pariseau	Terwilliger
Bertram	Johnson, D.E.	Luther	Piper	Vickerman
Betzold	Johnson, D.J.	Marty	Pogemiller	Wiener
Chandler	Johnson, J.B.	Merriam	Price	
Chmielewski	Johnston	Moe, R.D.	Ranum	
Cohen	Kelly	Mondale	Riveness	

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

MOTIONS AND RESOLUTIONS – CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1658 and that the rules of the Senate be so far suspended as to give H.F. No. 1658, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 1658: A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

Mr. Morse moved to amend H.F. No. 1658, as amended pursuant to Rule 49, adopted by the Senate May 15, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1477.)

Page 5, after line 18, insert:

"Sec. 2. Minnesota Statutes 1992, section 116O.15, is amended to read:

116O.15 [ANNUAL REPORT.]

The board shall submit a report to the chairs of the senate economic development and housing and the house economic development committees of the legislature and the governor on the activities of the corporation by February 1 of each year. *A copy of the report shall also be provided to the president of the University of Minnesota.* The report must include at least the following:

(1) a description of each of the programs that the corporation has provided or undertaken at some time during the previous year. The description of each program must describe (i) the statement of purpose for the program, (ii) the administration of the program including the activities the corporation was responsible for and the responsibilities that other organizations had in administering the program, (iii) the results of the program including how the results were measured, (iv) the expenses of the program paid by the corporation, and (v) the source of corporate and noncorporate funding for the program;

(2) an identification of the sources of funding in the previous year for the corporation and its programs including federal, state and local government, foundations, gifts, donations, fees, and all other sources;

(3) a description of the distribution of all money spent by the corporation in the previous year including an identification of the total expenditures, other than corporate administrative expenditures, by sector of the economy;

(4) a description of the administrative expenses of the corporation during the previous year;

(5) a listing of the assets and liabilities of the corporation at the end of the previous fiscal year;

(6) a list and description of each grant awarded by the corporation during the previous year;

(7) a description of any changes made to the operational plan during the previous year; and

(8) a description of any newly adopted or significant changes to bylaws, programmatic or administrative guidelines, policies, rules, or eligibility criteria for programs created or administered by the corporation during the previous year.

Reports must be made to the legislature as required by section 3.195.

Sec. 3. [FEDERAL DEFENSE CONVERSION ACTIVITIES.]

The Minnesota Project Outreach Corporation shall assist the department of trade and economic development, the sponsoring agency, to prepare a response to the Technology Reinvestment Project solicitation required by the Defense Conversion, Reinvestment and Transition Assistance Act of 1992, Public Laws Numbers 102-484 and 102-190, and related federal law. The response shall address technology development, deployment, and manufacturing education and training activities that comply with the Act, that result from a collaborative working effort that involves a team of eligible participants which may include nonprofit and other eligible firms as mandated by United States Code, title 10, section 2491, state government agencies, local government agencies, institutions of higher education, manufacturing and other extension programs, and other eligible proposers under the Act.

The department of trade and economic development shall create an advisory task force made up of business, labor community, and local government representatives to assist in developing a state plan for job retention and job creation in industries and communities in Minnesota affected by defense contract cuts. The task force shall advise the Minnesota Project Outreach Corporation, Minnesota Technology, Inc., the department of trade and economic development, and other appropriate state agencies in accessing federal funding available from the Office of Economic Adjustment and the Economic Development Administration in order (1) to improve Minnesota's competitiveness in seeking federal community adjustment planning funds available through the new federal defense conversion programs, and (2) to provide for public involvement and accountability in the conversion programs. The task force shall serve without compensation and reimbursement for expenses."

Page 5, delete line 29 and insert:

"*Sections 1, 4, and 5 are effective July 1, 1994. Section 3 is effective the day following final enactment.*"

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Riveness moved to amend H.F. No. 1658, as amended pursuant to Rule 49, adopted by the Senate May 15, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1477.)

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, the commissioner of trade and economic development, the commissioner of jobs and training, and the ~~chancellor of the technical college system~~ *executive director of the higher education coordinating board.*

Sec. 2. Minnesota Statutes 1992, section 116L.05, is amended by adding a subdivision to read:

Subd. 3. [USE OF FUNDS.] *The board may use up to ten percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2.*"

Page 5, line 29, delete "*1*" and insert "*3*" and delete "*3*" and insert "*5*"

Renumber the sections in sequence

Amend the title accordingly

Ms. Kiscaden questioned whether the amendment was germane.

The President ruled that the amendment was germane.

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

H.F. No. 1658 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 60 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kelly	Metzen	Ranum
Anderson	Dille	Knutson	Mondale	Reichgott
Beckman	Finn	Krentz	Morse	Riveness
Belanger	Flynn	Kroening	Murphy	Runbeck
Benson, J.E.	Frederickson	Laidig	Neuville	Sams
Berg	Hanson	Langseth	Novak	Samuelson
Berglin	Hottinger	Larson	Olson	Solon
Bertram	Janezich	Lesewski	Pappas	Spear
Betzold	Johnson, D.E.	Lessard	Pariseau	Stevens
Chandler	Johnson, D.J.	Luther	Piper	Stumpf
Chmielewski	Johnson, J.B.	Marty	Pogemiller	Vickerman
Cohen	Johnston	McGowan	Price	Wiener

Those who voted in the negative were:

Benson, D.D.	Merriam	Oliver	Robertson	Terwilliger
Kiscaden				

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

RECESS

Mr. Luther moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that

the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 31: Ms. Pappas, Messrs. Vickerman and Terwilliger.

S.F. No. 429: Messrs. Solon, Metzen and Belanger.

Mr. Luther 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. 1512 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1512: A bill for an act relating to elections; providing uniform local election procedures; requiring regular city elections to be held in the fall; permitting town elections to be held in November; making uniform certain local government procedures; authorizing special elections to be conducted by mail ballot; amending Minnesota Statutes 1992, sections 103C.305, subdivision 2; 123.33, subdivision 1; 204B.14, subdivision 8; 205.02, subdivision 2; 205.065, subdivisions 1 and 2; 205.07, subdivision 1; 205.10, by adding a subdivision; 205.13, subdivision 1, and by adding a subdivision; 205.16, subdivisions 1 and 2; 205.17, subdivision 4; 205.175; 206.90, subdivision 6; 365.51, subdivisions 1 and 3; and 367.03; proposing coding for new law in Minnesota Statutes, chapter 204D; repealing Minnesota Statutes 1992, sections 205.065, subdivision 3; 205.18; 205.20; and 410.21.

Mr. Luther moved to amend S.F. No. 1512 as follows:

Page 3, line 36, delete "*authorize*" and insert "*require*"

Page 4, line 25, delete ", *subdivision 2*"

Page 9, line 12, reinstate the stricken language and delete the new language

Page 9, line 13, reinstate the stricken "city" and delete "*municipal*"

Page 9, line 22, after the period, insert "*The governing body of a city may designate longer voting hours by resolution adopted before giving the notice of election.*"

Page 10, lines 2 to 4, reinstate the stricken language and delete the new language

Page 13, line 9, delete "*410.21*" and insert "*205A.04, subdivision 2*"

Mr. Marty requested division of the amendment as follows:

First portion:

Page 4, line 25, delete ", *subdivision 2*"

Page 9, line 12, reinstate the stricken language and delete the new language

Page 9, line 13, reinstate the stricken "city" and delete "*municipal*"

Page 9, line 22, after the period, insert "*The governing body of a city may*

designate longer voting hours by resolution adopted before giving the notice of election.''

Page 10, lines 2 to 4, reinstate the stricken language and delete the new language

Page 13, line 9, delete ''*410.21*'' and insert ''*205A.04, subdivision 2*''

Second portion:

Page 3, line 36, delete ''*authorize*'' and insert ''*require*''

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. Luther withdrew the second portion of his amendment.

Mr. Luther then moved to amend S.F. No. 1512 as follows:

Page 10, after line 18, insert:

''Sec. 16. Minnesota Statutes 1992, section 205A.03, subdivision 1, is amended to read:

Subdivision 1. [RESOLUTION.] The school board of a school district may, by resolution adopted ~~at least 12 weeks before the next school district general election~~ *by June 1 of any year*, decide to choose nominees for school district elective offices by a primary as provided in subdivisions 1 to 6. The resolution, when adopted, is effective for all ensuing elections of board members in that school district until it is revoked.

Sec. 17. Minnesota Statutes 1992, section 205A.03, subdivision 2, is amended to read:

Subd. 2. [DATE.] The school district primary must be held ~~at a time designated by the school board in the resolution adopting the primary system, but no later than six weeks before~~ *on the first Tuesday after the second Monday in September in the year when* the school district general election *is held*. The clerk shall give notice of the primary in the manner provided in section 205A.07.

Sec. 18. Minnesota Statutes 1992, section 205A.04, is amended to read:

205A.04 [GENERAL ELECTION.]

Subdivision 1. [SCHOOL DISTRICT GENERAL ELECTION.] ~~Except as may be provided in a special law or charter provision to the contrary,~~ The general election in each school district must be held on the ~~third Tuesday in May, unless the school board provides by resolution for holding the school district general election on the~~ first Tuesday after the first Monday in November.

Subd. 1a. [TRANSITION SCHEDULE.] When the time of a school district's general election is changed from May to November, the terms of all board members shall be lengthened to expire on January 1; when the time of a school district's general election is changed from November to May, the terms of all board members shall be shortened to expire on July 1. Whenever the time of a school district election is changed, the school district clerk shall immediately notify in writing the county auditor or auditors of the counties in

which the school district is located and the secretary of state of the change of date.

Subd. 2. [EXPERIMENTAL ELECTION; AUTHORIZATION.] The school board in independent school district No. 271 may, by resolution, designate the first Tuesday after the first Monday in November of either the odd-numbered or the even-numbered year as the date for its general election, and may reduce the existing terms of school board members to provide for staggered four-year terms thereafter. The resolution shall provide that, to the extent mathematically possible, the same number of board members is chosen at each election, exclusive of those chosen to fill vacancies for unexpired terms. Whenever the year of a school district election is changed, the school district clerk shall immediately notify in writing the county auditors of Hennepin and Scott counties and the secretary of state of the change of date. The secretary of state shall report to the legislature by January 15, 1993, on the implementation of this subdivision.

Sec. 19. Minnesota Statutes 1992, section 205A.06, subdivision 1, is amended to read:

Subdivision 1. [AFFIDAVIT OF CANDIDACY.] ~~Not more than ten nor less than eight weeks before a school district primary, or before the school district general election if there is no school district primary,~~ An individual who is eligible and desires to become a candidate for an office to be voted on at the election must file an affidavit of candidacy with the school district clerk. The affidavit must be in substantially the same form as that in section 204B.06, subdivision 1. The school district clerk shall also accept an application signed by at least five voters and filed on behalf of an eligible voter in the school district whom they desire to be a candidate, if service of a copy of the application has been made on the candidate and proof of service is endorsed on the application being filed. No individual shall be nominated by nominating petition for a school district elective office except in the event of a vacancy in nomination as provided in section 205A.03, subdivision 6. Upon receipt of the proper filing fee, the clerk shall place the name of the candidate on the official ballot without partisan designation.

Sec. 20. Minnesota Statutes 1992, section 205A.06, is amended by adding a subdivision to read:

Subd. 1a. [FILING PERIOD.] *Affidavits of candidacy may be filed with the school district clerk no earlier than the 70th day and no later than the 56th day before the first Tuesday after the second Monday in September in the year when the school district general election is held.*

Sec. 21. Minnesota Statutes 1992, section 205A.09, subdivision 2, is amended to read:

Subd. 2. [OTHER SCHOOL DISTRICTS.] At a school district election in a school district other than one described in subdivision 1, the school board, by resolution adopted before giving notice of the election, may designate the time, in no event less than three hours, during which the polling places will remain open for voting at the next succeeding and all later school district elections. *All polling places must be open between the hours of 5:00 p.m. and 8:00 p.m.* The resolution must remain in force until it is revoked by the school board or changed because of request by voters as provided in this subdivision. If a petition requesting longer voting hours, signed by a number of voters equal to 20 percent of the votes cast at the last school district election, is

presented to the school district clerk no later than 30 days before a school district election, then the polling places for that election must open at 10:00 a.m. and close at 8:00 p.m. The school district clerk must give ten days' published notice and posted notice of the changed voting hours and notify appropriate county auditors of the change."

Page 12, line 35, before "*Sections*" insert "*(a)*"

Page 13, after line 6, insert:

"*(b) Sections 16 and 17 are effective on January 1, 1994, for all school districts that conduct the school district general election in November as of June 1, 1993, and are effective for all other school districts on January 1 of the year after a resolution is adopted by the school board changing the date of the school district general election to November. No general election of any school district may be held on a date other than the first Tuesday after the first Monday in November after January 1, 1996.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 42, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.J.	Merriam	Pogemiller	Spear
Betzold	Johnston	Mondale	Price	
Chandler	Kiscaden	Novak	Ranum	
Cohen	Luther	Olson	Robertson	
Janezich	Marty	Piper	Runbeck	

Those who voted in the negative were:

Adkins	Dille	Krentz	Moe, R.D.	Solon
Beckman	Finn	Kroening	Morse	Stevens
Belanger	Frederickson	Laidig	Murphy	Stumpf
Benson, D.D.	Hanson	Langseth	Neuville	Terwilliger
Benson, J.E.	Hottinger	Larson	Oliver	Vickerman
Berg	Johnson, D.E.	Lesewski	Pariseau	Wiener
Bertram	Johnson, J.B.	Lessard	Reichgott	
Chmielewski	Kelly	McGowan	Riveness	
Day	Knutson	Metzen	Sams	

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

Mr. Luther then moved to amend S.F. No. 1512 as follows:

Page 3, after line 32, insert:

"Sec. 4. Minnesota Statutes 1992, section 204B.36, subdivision 4, is amended to read:

Subd. 4. [JUDICIAL CANDIDATES.] The official ballot shall contain the names of all candidates for each judicial office and shall state the number of those candidates for whom a voter may vote. *Each seat for an associate justice, associate judge, or judge of the district court must be numbered.* The title of each judicial office shall be printed on the official primary and general election ballot as follows:

(a) In the case of the supreme court:

"Chief justice ~~(or associate justice)~~ – supreme court ~~(last name of incumbent) seat~~";

"Associate justice (number) – supreme court"

(b) In the case of the court of appeals:

"Judge *(number)* – court of appeals ~~(last name of incumbent) seat~~"; *or*

(c) In the case of the district court:

"Judge *(number)* – (number) district court ~~(last name of incumbent) seat";~~ ~~or~~

~~(d) In the case of the county court:~~

~~"Judge – (number) county court (last name of incumbent) seat.~~"

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. 1512 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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Knutson	Mondale	Reichgott
Anderson	Finn	Krentz	Morse	Riveness
Beckman	Flynn	Kroening	Murphy	Robertson
Belanger	Frederickson	Laidig	Neuville	Runbeck
Benson, D.D.	Hanson	Langseth	Novak	Sams
Benson, J.E.	Hottinger	Larson	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Solon
Bertram	Johnson, D.E.	Lessard	Pappas	Spear
Betzold	Johnson, D.J.	Luther	Pariseau	Stevens
Chandler	Johnson, J.B.	Marty	Piper	Stumpf
Chmielewski	Johnston	Merriam	Pogemiller	Terwilliger
Cohen	Kelly	Metzen	Price	Vickerman
Day	Kiscaden	Moe, R.D.	Ranum	Wiener

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Luther moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Pogemiller be added as chief author to S.F. No. 153. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 125 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 125: A bill for an act relating to education; permitting independent school district No. 279, Osseo, to adopt an alternating eight-period schedule;

exempting the district from certain statutory instructional time requirements through the 1995-1996 school year.

Mr. Pogemiller moved to amend H.F. No. 125, as amended pursuant to Rule 49, adopted by the Senate April 29, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 153.)

Delete everything after the enacting clause and insert:

"Section 1. [CORRECTION 1; REFERENDUM REDUCTION.] Laws 1993, chapter 224, article 1, section 10, if enacted, is amended to read:

Sec. 10. Minnesota Statutes 1992, section 124A.03, is amended by adding a subdivision to read:

Subd. 3b. [REFERENDUM ALLOWANCE REDUCTION.] A district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), and (c).

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) an amount equal to $100, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to $100, times (2) one minus the ratio of 20 percent of the ~~initial referendum~~ *formula* allowance ~~limit~~ minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than $3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than $200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

Sec. 2. [CORRECTION 2; SPARSITY; NETT LAKE.] Laws 1993, chapter 224, article 1, section 14, if enacted, is amended to read:

Sec. 14. Minnesota Statutes 1992, section 124A.22, subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. *If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, and the school is at least 19 miles from the next nearest school, the*

commissioner shall designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 3. [CORRECTION 3; CLASS SIZE REVENUE; ALLOCATION.] Laws 1993, chapter 224, article 1, section 18, subdivision 1, if enacted, is amended to read:

Subdivision 1. [REVENUE.] *(a)* Of a district's general education revenue an amount equal to the sum of the number of elementary pupil units defined in section 124.17, subdivision 1, clause (f) and kindergarten pupil units as defined in section 124.17, subdivision 1, clause (e), times .03 for fiscal year 1994 and .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section.

(b) For fiscal year 1995, a district ~~that is not subject to a supplemental revenue reduction under section 17 or a referendum revenue reduction under section 10 must reserve an additional amount of revenue equal to $100~~ *must reserve an additional amount equal to the greater of*

(i) $0, or

(ii) $100 minus the sum of the reduction for supplemental revenue under section 17 and the reduction for referendum revenue under section 10 times the district's actual pupil units times the ratio of the district's elementary average daily membership to the district's average daily membership accord-

ing to this section. The revenue must be placed in a learning and development reserved account and may only be used according to this section.

(c) The ratio *in paragraph (a)* for fiscal year 1995 is adjusted by adding an amount equal to the ratio of the difference between the formula allowance for fiscal year 1995 minus 3,150 to 10,000.

Sec. 4. [CORRECTION 4; LATE ACTIVITY LEVY.] Laws 1993, chapter 224, article 2, section 14, if enacted, is amended to read:

Sec. 14. [ADDITIONAL LATE ACTIVITY LEVY.]

A school district that is eligible to certify a levy under section 12 and was not eligible to certify a levy in 1992 under Minnesota Statutes *1992*, section 124.226, subdivision 9, may certify an additional amount in 1993 for taxes payable in 1994 equal to the amount it would have been authorized to certify in 1992 for taxes payable in 1993 had it been eligible. A levy authorized under this section must be recognized according to Minnesota Statutes, section 124.918, subdivision 6.

Sec. 5. [CORRECTION 5; SPECIAL EDUCATION REVENUE ALLOCATION.] Laws 1993, chapter 224, article 3, section 18, is amended to read:

Sec. 18. Minnesota Statutes 1992, section 124.321, subdivision 2, is amended to read:

Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.] (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of *state aid and* any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) 68 percent of the salaries paid to essential personnel in that district minus the amount of *state aid and* any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of *state aid and* any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional

aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 6. [CORRECTION 6; SECONDARY VOCATIONAL AID.] Laws 1993, chapter 224, article 3, section 24, subdivision 2b, if enacted, is amended to read:

Sec. 24. Minnesota Statutes 1992, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a fiscal year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) ~~the salaries paid to essential, licensed personnel in that school year for services rendered in that program,~~ *salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;* and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and

(b) 40 percent of approved expenditures for the following:

(1) ~~salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;~~

~~(2)~~ contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;

~~(3)~~ *(2)* necessary travel between instructional sites by licensed secondary vocational education personnel;

~~(4)~~ *(3)* necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

~~(5)~~ *(4)* curriculum development activities that are part of a five-year plan for improvement based on program assessment;

~~(6)~~ *(5)* necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

~~(7)~~ *(6)* specialized vocational instructional supplies.

Sec. 7. [CORRECTION 7; ALLOCATION OF SECONDARY VOCA-

TIONAL AID.] Laws 1993, chapter 224, article 3, section 25, if enacted, is amended to read:

Sec. 25. Minnesota Statutes 1992, section 124.573, is amended by adding a subdivision to read:

Subd. 2e. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of subdivision 2b, ~~paragraph (b),~~ a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational education programs among participating school districts. *Secondary vocational aid for services provided by a cooperative center or an intermediate district shall be paid to the participating school district.*

Sec. 8. [CORRECTION 8; SALARIES.] Laws 1993, chapter 224, article 3, section 26, if enacted, is amended to read:

Sec. 26. Minnesota Statutes 1992, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] (a) Each year the state shall pay to any district *or cooperative center* a portion of the salary of each essential licensed person who provides direct instructional services to students, employed during that fiscal year for services rendered in that district's *or center's* secondary vocational education programs for children with a disability.

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or $15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of $15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 9. [CORRECTION 9; REPEALER.] Laws 1993, chapter 224, article 3, section 40, if enacted, is amended to read:

Sec. 40. [REPEALER.]

Minnesota Statutes 1992, section 124.32, subdivision 5*; and 124.573, subdivisions 2c and 4,* ~~is~~ *are* repealed effective July 1, 1994. Minnesota Statutes 1992, sections 124.331; 124.332; 124.333; and 124.573, ~~subdivisions 2c and~~ *subdivision* 2d, are repealed effective July 1, 1993.

Sec. 10. [CORRECTION 10; EFFECTIVE DATE.] Laws 1993, chapter 224, article 3, section 41, if enacted, is amended to read:

Sec. 41. [EFFECTIVE DATE.]

Sections 10 and 29 are effective beginning with the 1992-1993 school year.

Sections 16, 25, and 28 are effective beginning with fiscal year 1995.

Section 33 is effective the day after final enactment and applies through the 1998-1999 school year if the St. Paul school district complies with the requirements in section 33, subdivision 2.

Section 36 is effective the day following final enactment and applies to participating school districts through the 1996-1997 school year.

Section 32, clause (b), is effective June 30, 1994, and section 32, clauses (c) and (d), are effective June 30, 1995.

Section 35 is effective the day after final enactment and shall remain in effect until February 15, 1994, except that subdivision 5 shall remain in effect until June 1, 1994.

Sec. 11. [CORRECTION 11; SCREENING.] Laws 1993, chapter 224, article 4, section 14, if enacted, is amended to read:

Sec. 14. Minnesota Statutes 1992, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. (a) A screening program shall include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The school district and the person performing or supervising the screening shall provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice shall be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No developmental screening program shall provide laboratory tests or a physical examination to any child. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history. ~~State aid shall not be paid for additional components.~~

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 12. [CORRECTION 12; REPORTS BY COLLABORATION.] Laws

1993, chapter 224, article 4, section 43, subdivision 4, if enacted, is amended to read:

Subd. 4. [REPORTS BY COLLABORATIVES.] Collaboratives receiving implementation grants must submit a report to the children's cabinet. The report shall describe the progress the collaborative made toward implementing the local plan, how funds received under subdivision 3 were used, the number and type of clients served, and the types of services provided. The report shall be submitted to the children's cabinet by December 31, 1994, by collaboratives whose local plan was approved no later than February 1, 1994, and by December 31, 1995, for those collaboratives whose local plan was approved no later than February 1, 1995. Within two years of the date on which a collaborative receives an implementation grant, a collaborative shall submit a report to the children's cabinet describing the extent to which the collaborative achieved the outcomes developed under Minnesota Statutes, section 121.8355, subdivision ~~1~~ 2, *paragraph (a),* clause (1).

Sec. 13. [CORRECTION 13; ADDITIONAL LEVY AUTHORITY.] Laws 1993, chapter 224, article 6, section 16, subdivision 8, if enacted, is amended to read:

Subd. 8. [ADDITIONAL LEVY AUTHORITY.] A district other than *a member of an* intermediate school district ~~No. 287 on July 1, 1993~~ *under chapter 136D*, may levy for taxes payable in 1995, $5 times the number of actual pupil units, for taxes payable in 1996, $9 times the number of actual pupil units, for taxes payable in 1997, $13 times the number of actual pupil units and for taxes payable in 1998 and thereafter, $17 times the number of actual pupil units in the district for the year for which the levy is attributable.

~~(c)~~ The levy ~~revenue~~ under this subdivision must be used according to subdivision 6d. ~~Of the levy revenue under subdivision 8, paragraph (b),~~ *except that* at least 55 percent must be spent on secondary vocational programs.

Sec. 14. [CORRECTION 14; REPEALERS.] Laws 1993, chapter 224, article 6, section 32, if enacted, is amended to read:

Sec. 32. [REPEALER.]

Minnesota Statutes 1992, sections 124.2721; 124.2725, subdivision 8; ~~and~~ 124.575~~, subdivisions 2 and~~ 4; *and* 124.912, subdivisions 4 and 5, are repealed *for revenue for fiscal year 1995*.

Sec. 15. [CORRECTION 15; EFFECTIVE DATE.] Laws 1993, chapter 224, article 6, section 33, is amended to read:

Sec. 33. [EFFECTIVE DATE.]

Sections 3 and 8 are effective July 1, 1994. Section 28, subdivisions 1 and 2, are effective for taxes payable in 1994 and thereafter.

Sections 7, 13, 19, *20,* and 22 are effective the day following final enactment.

Sec. 16. [CORRECTION 16; SCHOOL BOARD MEMBER TRAINING.] Laws 1993, chapter 224, article 7, section 6, if enacted, is amended to read:

Sec. 6. Minnesota Statutes 1992, section 123.33, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL BOARD MEMBER TRAINING.] A member must receive training in school finance and management developed in consultation with the Minnesota school boards association and consistent with section ~~9~~ *5*. The school boards association shall make available to each newly-elected school board member training in school finance and management consistent with section ~~9~~ *5* within 180 days of that member taking office. The program shall be developed in consultation with the department of education and appropriate representatives of higher education.

Sec. 17. [CORRECTION 17; REPEALER.] Laws 1993, chapter 224, article 7, section 31, if enacted, is amended to read:

Sec. 31. [REPEALER.]

Minnesota Statutes 1992, sections 121.609; 124A.27, subdivisions 1 to 9; *125.05, subdivision 1b;* and 125.185, subdivision 4a, are repealed July 1, 1993.

Sec. 18. [CORRECTION 18; EMPLOYER-PAID HEALTH INSURANCE.] Laws 1993, chapter 224, article 8, section 18, subdivision 1, if enacted, is amended to read:

Sec. 18. [EMPLOYER-PAID HEALTH INSURANCE.]

Subdivision 1. [PUBLIC EMPLOYEES.] A school district, intermediate school district, or joint vocational technical district formed under Minnesota Statutes, sections 136C.60 to 136C.69, shall provide employer-paid hospital, medical, and dental benefits to a ~~person~~ *teacher, as defined in Minnesota Statutes, section 354.05, subdivision 2 or 354A.011, subdivision 27,* who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of combined service credit in any Minnesota public pension plans other than volunteer firefighter plans;

(3) has at least as many months of service with the current employer as the number of months younger than age 65 the person is at the time of retirement;

(4) upon retirement is immediately eligible for a retirement annuity if the person is a member of a defined benefit plan;

(5) is at least 55 and not yet 65 years of age; and

(6) ~~in the case of a school district employee,~~ retires on or after May ~~15~~ *17*, 1993, and before ~~July 21~~ *August 1*, 1993~~; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1993, and before October 1, 1993~~.

Sec. 19. [CORRECTION 19; ARTS PROGRAM.] Laws 1993, chapter 224, article 8, section 21, subdivision 1, if enacted, is amended to read:

Sec. 21. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATION.]

Subdivision 1. [ARTS CENTER.] The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:

$387,000 1994

$421,000 1995

Of the fiscal year 1994 appropriation, $225,000 is to fund artist and arts organization participation in the education residency project, $75,000 is for school support for the residency project, and $87,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, ~~$215,000~~ *$225,000* is to fund artist and arts organizations participation in the education residency project, $75,000 is for school support for the residency project, and $121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

Sec. 20. [CORRECTION 20; EARLY RETIREMENT LEVY EFFECTIVE DATE.] Laws 1993, chapter 224, article 8, section 23, if enacted, is amended to read:

Sec. 23. [EFFECTIVE DATE.]

Section 11 is effective July 1, 1993, and applies for the first time to levies for 1993 taxes payable in 1994.

Sections 16 and 19 are effective the day following final enactment.

Section 14 is effective the day after final enactment.

~~Section~~ *Sections* 17 ~~is~~ *and 18 are* effective the day following final enactment.

Sec. 21. [CORRECTION 21; REPEALER.] Laws 1993, chapter 224, article 12, section 32, if enacted, is amended to read:

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13; 121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; *126.661;* 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

Sec. 22. [CORRECTION 22; INDIAN SCHOLARSHIPS.] Laws 1993, chapter 224, article 13, section 40, if enacted, is amended to read:

Sec. 40. Minnesota Statutes 1992, section 124.48, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The ~~commissioner~~ *state board*, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the ~~commissioner~~ *board*, has the capabilities to benefit from further education. Scholarships shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 23. [CORRECTION 23; SCHOOL BOARD BUDGETS.] Laws 1993, chapter 224, article 14, section 7, if enacted, is amended to read:

Sec. 7. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish revenue and expenditure budgets for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education ~~after consultation with the advisory council on uniform financial accounting and reporting standards~~. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 24. [CORRECTION 24; REPEALER.] Laws 1993, chapter 224, article 14, section 17, if enacted, is amended to read:

Sec. 17. [REPEALER.]

Minnesota Statutes 1992, sections 121.93, subdivision 5; *and* 124.195, subdivision 13; ~~and 128B.03, subdivision 2~~, are repealed.

Sec. 25. Minnesota Statutes 1992, section 124.155, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF ADJUSTMENT.] Each year state aids and credits enumerated in subdivision 2 payable to any school district, education district, or secondary vocational cooperative for that fiscal year shall be adjusted, in the order listed, by an amount equal to (1) the amount the district, education district, or secondary vocational cooperative recognized as revenue for the prior fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e, minus (2) the amount the district recognizes as revenue for the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e. For the purposes of making the aid adjustment under this subdivision, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 121.904, subdivision 4a, clause (b), plus revenue recognized according to section 121.904, subdivision 4e, shall not include any amount levied pursuant to sections 124.226, subdivision 9, 124.912, subdivisions 2, 3, and 5 *or a successor provision only for those districts affected*, 124.916, subdivisions 1 and 2, 124.918, subdivision 6, and 124A.03, subdivision 2; and Laws 1992, chapter 499, articles 1, section 20, and 6, section 36. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

Sec. 26. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in kindergarten, elementary, secondary, or special education programs.

~~(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.~~

Sec. 27. Minnesota Statutes 1992, section 125.185, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring successful completion of an

examination of skills in reading, writing, and mathematics before being admitted to a teacher preparation program.

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) ~~Until July 1, 1998, the board may select schools to be pilot professional development schools according to initial criteria adopted by the board. Initial criteria are not subject to chapter 14. Upon specific legislative authorization to implement a statewide restructured licensure program, the board shall adopt rules to approve or disapprove professional development schools.~~

~~(g)~~ The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

~~(h)~~ *(g)* The board shall grant licenses to interns and to candidates for initial licenses.

~~(i)~~ *(h)* The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

~~(j)~~ *(i)* The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

~~(k)~~ *(j)* The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

~~(l)~~ *(k)* With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.

Sec. 28. Minnesota Statutes 1992, section 128B.03, subdivision 2, is amended to read:

Subd. 2. [MAY GET FEDERAL AID.] The council may receive federal aid to Indians ~~according to section 124.64~~.

Sec. 29. [RED WING LEVY.]

Independent school district No. 256, Red Wing, may levy up to $500,000 to purchase the Towerview campus of the Red Wing/Winona technical college. The district may levy this amount over a three-year period beginning with the levy payable in 1994."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller then moved that H.F. No. 125 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. 1585, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1585 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1585

A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17,

subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1585, 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. 1585 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SAFE STREETS AND SCHOOLS

Section 1. [121.207] [REPORTS OF DANGEROUS WEAPON INCIDENTS IN SCHOOL ZONES.]

Subdivision 1. [DEFINITIONS.] *As used in this section:*

(1) "dangerous weapon" has the meaning given it in section 609.02, subdivision 6;

(2) "school" has the meaning given it in section 120.101, subdivision 4; and

(3) "school zone" has the meaning given it in section 152.01, subdivision 14a, clauses (1) and (3).

Subd. 2. [REPORTS; CONTENT.] *On or before January 1, 1994, the commissioner of education, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:*

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

Subd. 3. [REPORTS; FILING REQUIREMENTS.] *By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of education. The reports shall be made on the standardized forms developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.*

Sec. 2. Minnesota Statutes 1992, section 260.185, subdivision 1a, is amended to read:

Subd. 1a. [POSSESSION OF FIREARM *OR DANGEROUS WEAPON.*] If the child is petitioned and found delinquent by the court, and the court also

finds that the child was in possession of a firearm at the time of the offense, in addition to any other disposition the court shall order that the firearm be immediately seized and shall order that the child be required to serve at least 100 hours of community work service unless the child is placed in a residential treatment program or a juvenile correctional facility. *If the child is petitioned and found delinquent by the court, and the court finds that the child was in possession of a dangerous weapon in a school zone, as defined in section 152.01, subdivision 14a, clauses (1) and (3), at the time of the offense, the court also shall order that the child's driver's license be canceled or driving privileges denied until the child's 18th birthday. The court shall send a copy of its order to the commissioner of public safety and, upon receipt of the order, the commissioner is authorized to cancel the child's driver's license or deny the child's driving privileges without a hearing.*

Sec. 3. [471.635] [ZONING ORDINANCES.]

Notwithstanding section 471.633, a governmental subdivision may regulate by reasonable, nondiscriminatory, and nonarbitrary zoning ordinances, the location of businesses where firearms are sold by a firearms dealer.

Sec. 4. Minnesota Statutes 1992, section 609.06, is amended to read:

609.06 [AUTHORIZED USE OF FORCE.]

Reasonable force may be used upon or toward the person of another without the other's consent when the following circumstances exist or the actor reasonably believes them to exist:

(1) When used by a public officer or one assisting a public officer under the public officer's direction:

(a) In effecting a lawful arrest; or

(b) In the execution of legal process; or

(c) In enforcing an order of the court; or

(d) In executing any other duty imposed upon the public officer by law; or

(2) When used by a person not a public officer in arresting another in the cases and in the manner provided by law and delivering the other to an officer competent to receive the other into custody; or

(3) When used by any person in resisting or aiding another to resist an offense against the person; or

(4) When used by any person in lawful possession of real or personal property, or by another assisting the person in lawful possession, in resisting a trespass upon or other unlawful interference with such property; or

(5) When used by any person to prevent the escape, or to retake following the escape, of a person lawfully held on a charge or conviction of a crime; or

(6) When used by a parent, guardian, teacher or other lawful custodian of a child or pupil, in the exercise of lawful authority, to restrain or correct such child or pupil; or

(7) *When used by a school employee or school bus driver, in the exercise of lawful authority, to restrain a child or pupil, or to prevent bodily harm or death to another; or*

(8) When used by a common carrier in expelling a passenger who refuses to obey a lawful requirement for the conduct of passengers and reasonable care is exercised with regard to the passenger's personal safety; or

~~(8)~~ *(9)* When used to restrain a mentally ill or mentally defective person from self-injury or injury to another or when used by one with authority to do so to compel compliance with reasonable requirements for the person's control, conduct or treatment; or

~~(9)~~ *(10)* When used by a public or private institution providing custody or treatment against one lawfully committed to it to compel compliance with reasonable requirements for the control, conduct or treatment of the committed person.

Sec. 5. Minnesota Statutes 1992, section 609.531, is amended to read:

609.531 [FORFEITURES.]

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to ~~609.5317~~ *609.5318*, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a weapon used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; *609.66, subdivision 1e;* 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891 *or 624.7181*.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Subd. 1a. [CONSTRUCTION.] Sections 609.531 to ~~609.5317~~ *609.5318* must be liberally construed to carry out the following remedial purposes:

(1) to enforce the law;

(2) to deter crime;

(3) to reduce the economic incentive to engage in criminal enterprise;

(4) to increase the pecuniary loss resulting from the detection of criminal activity; and

(5) to forfeit property unlawfully used or acquired and divert the property to law enforcement purposes.

Subd. 4. [SEIZURE.] Property subject to forfeiture under sections 609.531 to ~~609.5317~~ *609.5318* may be seized by the appropriate agency upon process issued by any court having jurisdiction over the property. Property may be seized without process if:

(1) the seizure is incident to a lawful arrest or a lawful search;

(2) the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this chapter; or

(3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the property and that:

(i) the property was used or is intended to be used in commission of a felony; or

(ii) the property is dangerous to health or safety.

If property is seized without process under clause (3), subclause (i), the county attorney must institute a forfeiture action under section 609.5313 as soon as is reasonably possible.

Subd. 5. [RIGHT TO POSSESSION VESTS IMMEDIATELY; CUSTODY OF SEIZED PROPERTY.] All right, title, and interest in property subject to forfeiture under sections 609.531 to ~~609.5317~~ *609.5318* vests in the appropriate agency upon commission of the act or omission giving rise to the forfeiture. Any property seized under sections 609.531 to ~~609.5316~~ *609.5318* is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and decrees of the court having jurisdiction over the forfeiture proceedings. When property is so seized, the appropriate agency may:

(1) place the property under seal;

(2) remove the property to a place designated by it;

(3) in the case of controlled substances, require the state board of pharmacy to take custody of the property and remove it to an appropriate location for disposition in accordance with law; and

(4) take other steps reasonable and necessary to secure the property and prevent waste.

Subd. 5a. [BOND BY OWNER FOR POSSESSION.] If the owner of property that has been seized under sections 609.531 to ~~609.5317~~ *609.5318* seeks possession of the property before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property.

Subd. 6a. [FORFEITURE A CIVIL PROCEDURE; CONVICTION RESULTS IN PRESUMPTION.] (a) An action for forfeiture is a civil in rem action and is independent of any criminal prosecution, except as provided in this subdivision *and section 609.5318*. The appropriate agency handling the forfeiture has the benefit of the evidentiary presumption of section 609.5314, subdivision 1, but otherwise bears the burden of proving the act or omission giving rise to the forfeiture by clear and convincing evidence, except that in cases arising under section 609.5312, the designated offense may only be established by a ~~felony level~~ criminal conviction.

(b) A court may not issue an order of forfeiture under section 609.5311 while the alleged owner of the property is in custody and related criminal proceedings are pending against the alleged owner. For forfeiture of a motor vehicle, the alleged owner is the registered owner according to records of the department of public safety. For real property, the alleged owner is the owner of record. For other property, the alleged owner is the person notified by the prosecuting authority in filing the forfeiture action.

Sec. 6. Minnesota Statutes 1992, section 609.5311, subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON FORFEITURE OF CERTAIN PROPERTY ASSOCIATED WITH CONTROLLED SUBSTANCES.] (a) A conveyance device is subject to forfeiture under this section only if the retail value of the controlled substance is $25 or more and the conveyance device is associated with a felony-level controlled substance crime.

(b) Real property is subject to forfeiture under this section only if the retail value of the controlled substance or contraband is $1,000 or more.

(c) Property used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the use or intended use of the property as described in subdivision 2.

(d) Property is subject to forfeiture under this section only if its owner was privy to the use or intended use described in subdivision 2, or the unlawful use or intended use of the property otherwise occurred with the owner's knowledge or consent.

(e) Forfeiture under this section of a conveyance device or real property encumbered by a bona fide security interest is subject to the interest of the secured party unless the secured party had knowledge of or consented to the act or omission upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(f) Notwithstanding paragraphs (d) and (e), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the unlawful use or intended use of the property *if*: (1) ~~if~~ the owner or secured party took reasonable steps to terminate use of the property by the offender; or (2) the property is real property owned by the parent of the offender, unless the parent actively participated in, or knowingly acquiesced to, a violation of chapter 152, or the real property constitutes proceeds derived from or traceable to a use described in subdivision 2.

Sec. 7. Minnesota Statutes 1992, section 609.5312, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS ON FORFEITURE OF PROPERTY ASSOCIATED WITH DESIGNATED OFFENSES.] (a) Property used by a person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the commission of a designated offense.

(b) Property is subject to forfeiture under this ~~subdivision~~ *section* only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent.

(c) Property encumbered by a bona fide security interest is subject to the interest of the secured party unless the party had knowledge of or consented to the act or omission upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(d) Notwithstanding paragraphs (b) and (c), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the act or omission upon which the forfeiture is based if the owner or secured party took reasonable steps to terminate use of the property by the offender.

Sec. 8. Minnesota Statutes 1992, section 609.5314, subdivision 1, is amended to read:

Subdivision 1. [PROPERTY SUBJECT TO ADMINISTRATIVE FORFEITURE; PRESUMPTION.] (a) The following are presumed to be subject to administrative forfeiture under this section:

(1) all money, precious metals, and precious stones found in proximity to:

(i) controlled substances;

(ii) forfeitable drug manufacturing or distributing equipment or devices; or

(iii) forfeitable records of manufacture or distribution of controlled substances; ~~and~~

(2) all conveyance devices containing controlled substances with a retail value of $100 or more if possession or sale of the controlled substance would be a felony under chapter 152*; and*

(3) all firearms, ammunition, and firearm accessories found:

(i) in a conveyance device used or intended for use to commit or facilitate the commission of a felony offense involving a controlled substance;

(ii) on or in proximity to a person from whom a felony amount of controlled substance is seized; or

(iii) on the premises where a controlled substance is seized and in proximity to the controlled substance, if possession or sale of the controlled substance would be a felony under chapter 152.

(b) A claimant of the property bears the burden to rebut this presumption.

Sec. 9. Minnesota Statutes 1992, section 609.5314, subdivision 3, is amended to read:

Subd. 3. [JUDICIAL DETERMINATION.] (a) Within 60 days following service of a notice of seizure and forfeiture under this section, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the county attorney for that county, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is less than $500, the claimant may file an action in conciliation court for recovery of the seized property without paying the conciliation court filing fee. No responsive pleading is required of the county attorney and no court fees may be charged for the county attorney's appearance in the matter. The proceedings are governed by the rules of civil procedure.

(b) The complaint must be captioned in the name of the claimant as plaintiff~~,~~ *and* the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the property was improperly seized and ~~stating~~ the plaintiff's interest in the property seized. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(c) If the claimant makes a timely demand for judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under section 609.531, subdivision 6a.

(d) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized property, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, and attorney fees under section 549.21, subdivision 2. If the court orders payment of these costs, they must be paid from forfeited money or proceeds from the sale of forfeited property from the appropriate law enforcement and prosecuting agencies in the same proportion as they would be distributed under section 609.5315, subdivision 5.

Sec. 10. Minnesota Statutes 1992, section 609.5315, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITION.] If the court finds under section 609.5313, ~~or~~ 609.5314, *or 609.5318* that the property is subject to forfeiture, it shall order the appropriate agency to:

(1) sell property that is not required to be destroyed by law and is not harmful to the public and distribute the proceeds under subdivision 5;

(2) take custody of the property and remove it for disposition in accordance with law;

(3) forward the property to the federal drug enforcement administration;

(4) disburse money as provided under subdivision 5; or

(5) keep property other than money for official use by the agency and the prosecuting agency.

Sec. 11. Minnesota Statutes 1992, section 609.5315, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF ADMINISTRATIVELY FORFEITED PROPERTY.] If property is forfeited administratively under section 609.5314 *or 609.5318* and no demand for judicial determination is made, the appropriate agency may dispose of the property in any of the ways listed in subdivision 1.

Sec. 12. Minnesota Statutes 1992, section 609.5315, subdivision 4, is amended to read:

Subd. 4. [DISTRIBUTION OF PROCEEDS OF THE OFFENSE.] Property that consists of proceeds derived from or traced to the commission of a designated offense *or a violation of section 609.66, subdivision 1e,* must be applied first to payment of seizure, storage, forfeiture, and sale expenses, and to satisfy valid liens against the property; and second, to any court-ordered restitution before being disbursed as provided under subdivision 5.

Sec. 13. [609.5318] [FORFEITURE OF VEHICLES USED IN DRIVE-BY SHOOTINGS.]

Subdivision 1. [MOTOR VEHICLES SUBJECT TO FORFEITURE.] *A motor vehicle is subject to forfeiture under this section if the prosecutor establishes by clear and convincing evidence that the vehicle was used in a violation of section 609.66, subdivision 1e. The prosecutor need not establish that any individual was convicted of the violation, but a conviction of the owner for a violation of section 609.66, subdivision 1e, creates a presumption that the device was used in the violation.*

Subd. 2. [NOTICE.] *The registered owner of the vehicle must be notified of the seizure and intent to forfeit the vehicle within seven days after the seizure. Notice by certified mail to the address shown in department of public safety records is deemed to be sufficient notice to the registered owner. Notice must be given in the manner required by section 609.5314, subdivision 2, paragraph (b), and must specify that a request for a judicial determination of the forfeiture must be made within 60 days following the service of the notice. If related criminal proceedings are pending, the notice must also state that a request for a judicial determination of the forfeiture must be made within 60 days following the conclusion of those proceedings.*

Subd. 3. [HEARING] *(a) Within 60 days following service of a notice of seizure and forfeiture, a claimant may demand a judicial determination of the forfeiture. If a related criminal proceeding is pending, the 60-day period begins to run at the conclusion of those proceedings. The demand must be in the form of a civil complaint as provided in section 609.5314, subdivision 3, except as otherwise provided in this section.*

(b) If the claimant makes a timely demand for judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under subdivision 4.

Subd. 4. [PROCEDURE.] *(a) If a judicial determination of the forfeiture is requested, a separate complaint must be filed against the vehicle, stating the specific act giving rise to the forfeiture and the date, time, and place of the act. The action must be captioned in the name of the county attorney or the county attorney's designee as plaintiff and the property as defendant.*

(b) If a demand for judicial determination of an administrative forfeiture is filed and the court orders the return of the seized property, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, attorney fees, and towing and storage fees. If the court orders payment of these costs, they must be paid from forfeited money or proceeds from the sale of forfeited property from the appropriate law enforcement and prosecuting agencies in the same proportion as they would be distributed under section 609.5315, subdivision 5.

Subd. 5. [LIMITATIONS.] *(a) A vehicle used by a person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner is a consenting party to, or is privy to, the commission of the act giving rise to the forfeiture.*

(b) A vehicle is subject to forfeiture under this section only if the registered owner was privy to the act upon which the forfeiture is based, the act occurred with the owner's knowledge or consent, or the act occurred due to the owner's gross negligence in allowing another to use the vehicle.

(c) A vehicle encumbered by a bona fide security interest is subject to the interest of the secured party unless the party had knowledge of or consented to the act upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

Sec. 14. Minnesota Statutes 1992, section 609.605, is amended by adding a subdivision to read:

Subd. 4. [TRESPASSES ON SCHOOL PROPERTY.] *(a) It is a misdemeanor for a person to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless the person:*

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited; or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

(b) It is a misdemeanor for a person to enter or be found on school property within six months after being told by the school principal or the principal's designee to leave the property and not to return, unless the principal or the principal's designee has given the person permission to return to the property. As used in this paragraph, "school property" has the meaning given in section 152.01, subdivision 14a, clauses (1) and (3).

(c) A school principal or a school employee designated by the school principal to maintain order on school property, who has reasonable cause to believe that a person is violating this subdivision may detain the person in a reasonable manner for a reasonable period of time pending the arrival of a peace officer. A school principal or designated school employee is not civilly or criminally liable for any action authorized under this paragraph if the person's action is based on reasonable cause.

(d) A peace officer may arrest a person without a warrant if the officer has probable cause to believe the person violated this subdivision within the preceding four hours. The arrest may be made even though the violation did not occur in the peace officer's presence.

Sec. 15. Minnesota Statutes 1992, section 609.66, subdivision 1a, is amended to read:

Subd. 1a. [FELONY CRIMES; *SILENCERS PROHIBITED; RECKLESS DISCHARGE.*] (a) Whoever does any of the following is guilty of a felony and may be sentenced as provided in paragraph (b):

(1) sells or has in possession any device designed to silence or muffle the discharge of a firearm; ~~or~~

(2) intentionally discharges a firearm under circumstances that endanger the safety of another*; or*

(3) recklessly discharges a firearm within a municipality.

(b) A person convicted under paragraph (a) may be sentenced as follows:

(1) if the act was committed in a public housing zone, as defined in section 152.01, subdivision 19, a school zone, as defined in section 152.01, subdivision 14a, or a park zone, as defined in section 152.01, subdivision 12a, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both; or

(2) otherwise, to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both.

Sec. 16. Minnesota Statutes 1992, section 609.66, is amended by adding a subdivision to read:

Subd. 1d. [FELONY; POSSESSION ON SCHOOL PROPERTY.] *(a) Whoever possesses, stores, or keeps a dangerous weapon as defined in section 609.02, subdivision 6, on school property is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than $5,000, or both.*

(b) As used in this subdivision, "school property" means:

(1) a public or private elementary, middle, or secondary school building and its grounds, whether leased or owned by the school; and

(2) the area within a school bus when that bus is being used to transport one or more elementary, middle, or secondary school students.

(c) This subdivision does not apply to:

(1) licensed peace officers, military personnel, or students participating in military training, who are performing official duties;

(2) persons who carry pistols according to the terms of a permit;

(3) persons who keep or store in a motor vehicle pistols in accordance with sections 624.714 and 624.715 or other firearms in accordance with section 97B.045;

(4) firearm safety or marksmanship courses or activities conducted on school property;

(5) possession of dangerous weapons by a ceremonial color guard;

(6) a gun or knife show held on school property; or

(7) possession of dangerous weapons with written permission of the principal.

Sec. 17. Minnesota Statutes 1992, section 609.66, is amended by adding a subdivision to read:

Subd. 1e. [FELONY; DRIVE-BY SHOOTING.] *(a) Whoever, while in or having just exited from a motor vehicle, recklessly discharges a firearm at or toward a person, another motor vehicle, or a building is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $6,000, or both. If the vehicle or building is occupied, the 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.*

(b) For purposes of this subdivision, "motor vehicle" has the meaning given in section 609.52, subdivision 1, and "building" has the meaning given in section 609.581, subdivision 2.

Sec. 18. [609.666] [NEGLIGENT STORAGE OF FIREARMS.]

Subdivision 1. [DEFINITIONS.] *For purposes of this section, the following words have the meanings given.*

(a) "Firearm" means a device designed to be used as a weapon, from which is expelled a projectile by the force of any explosion or force of combustion.

(b) "Child" means a person under the age of 14 years.

(c) "Loaded" means the firearm has ammunition in the chamber or magazine, if the magazine is in the firearm, unless the firearm is incapable of being fired by a child who is likely to gain access to the firearm.

Subd. 2. [ACCESS TO FIREARMS.] *A person is guilty of a gross misdemeanor who negligently stores or leaves a loaded firearm in a location where the person knows, or reasonably should know, that a child is likely to gain access, unless reasonable action is taken to secure the firearm against access by the child.*

Subd. 3. [LIMITATIONS.] *Subdivision 2 does not apply to a child's access to firearms that was obtained as a result of an unlawful entry.*

Sec. 19. Minnesota Statutes 1992, section 609.67, subdivision 1, is amended to read:

Subdivision 1. [~~DEFINITION~~ *DEFINITIONS.*] (a) "Machine gun" means any firearm designed to discharge, or capable of discharging automatically more than once by a single function of the trigger.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

(d) "Trigger activator" means a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun.

(e) "Machine gun conversion kit" means any part or combination of parts designed and intended for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled, but does not include a spare or replacement part for a machine gun that is possessed lawfully under section 609.67, subdivision 1.

Sec. 20. Minnesota Statutes 1992, section 609.67, subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Except as otherwise provided herein, whoever owns, possesses, or operates a machine gun, *any trigger activator or machine gun conversion kit,* or a short-barreled shotgun may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

Sec. 21. [609.672] [PERMISSIVE INFERENCE; FIREARMS IN AUTOMOBILES.]

The presence of a firearm in a passenger automobile permits the factfinder to infer knowing possession of the firearm by the driver or person in control of the automobile when the firearm was in the automobile. The inference does not apply:

(1) to a 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 firearm; or

(3) when the firearm is concealed on the person of one of the occupants.

Sec. 22. Minnesota Statutes 1992, section 624.711, is amended to read:

624.711 [DECLARATION OF POLICY.]

It is not the intent of the legislature to regulate shotguns, rifles and other longguns of the type commonly used for hunting and not defined as pistols *or semiautomatic military-style assault weapons*, or to place costs of administration upon those citizens who wish to possess or carry pistols *or semiautomatic military-style assault weapons* lawfully, or to confiscate or otherwise restrict the use of pistols *or semiautomatic military-style assault weapons* by law-abiding citizens.

Sec. 23. Minnesota Statutes 1992, section 624.712, subdivision 5, is amended to read:

Subd. 5. "Crime of violence" includes murder in the first, second, and third degrees, manslaughter in the first and second degrees, aiding suicide, aiding attempted suicide, felony violations of assault in the first, second, third, and fourth degrees, terroristic threats, use of drugs to injure or to facilitate crime, simple robbery, aggravated robbery, kidnapping, false imprisonment, criminal sexual conduct in the first, second, third, and fourth degrees, ~~felonious~~ theft *of a firearm*, arson in the first and second degrees, riot, burglary in the first, second, third, and fourth degrees, reckless use of a gun or dangerous weapon, intentionally pointing a gun at or towards a human being, setting a spring gun, and unlawfully owning, possessing, ~~or~~ operating a machine gun *or short-barreled shotgun*, and an attempt to commit any of these offenses, as each of those offenses is defined in chapter 609. "Crime of violence" also includes felony violations of chapter 152.

Sec. 24. Minnesota Statutes 1992, section 624.712, subdivision 6, is amended to read:

Subd. 6. "Transfer" means a sale, gift, loan, assignment or other delivery to another, whether or not for consideration, of a pistol *or semiautomatic military-style assault weapon* or the frame or receiver of a pistol *or semiautomatic military-style assault weapon*.

Sec. 25. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 7. "Semiautomatic military-style assault weapon" means:

(1) any of the following firearms:

(i) Avtomat Kalashnikov (AK-47) semiautomatic rifle type;

(ii) Beretta AR-70 and BM-59 semiautomatic rifle types;

(iii) Colt AR-15 semiautomatic rifle type;

(iv) Daewoo Max-1 and Max-2 semiautomatic rifle types;

(v) Famas MAS semiautomatic rifle type;

(vi) Fabrique Nationale FN-LAR and FN-FNC semiautomatic rifle types;

(vii) Galil semiautomatic rifle type;

(viii) Heckler & Koch HK-91, HK-93, and HK-94 semiautomatic rifle types;

(ix) Ingram MAC-10 and MAC-11 semiautomatic pistol and carbine types;

(x) Intratec TEC-9 semiautomatic pistol type;

(xi) Sigarms SIG 550SP and SIG 551SP semiautomatic rifle types;

(xii) SKS with detachable magazine semiautomatic rifle type;

(xiii) Steyr AUG semiautomatic rifle type;

(xiv) Street Sweeper and Striker-12 revolving-cylinder shotgun types;

(xv) USAS-12 semiautomatic shotgun type;

(xvi) Uzi semiautomatic pistol and carbine types; or

(xvii) Valmet M76 and M78 semiautomatic rifle types;

(2) any firearm that is another model made by the same manufacturer as one of the firearms listed in clause (1), and has the same action design as one of the listed firearms, and is a redesigned, renamed, or renumbered version of one of the firearms listed in clause (1), or has a slight modification or enhancement, including but not limited to a folding or retractable stock; adjustable sight; case deflector for left-handed shooters; shorter barrel; wooden, plastic, or metal stock; larger clip size; different caliber; or a bayonet mount; and

(3) any firearm that has been manufactured or sold by another company under a licensing agreement with a manufacturer of one of the firearms listed in clause (1) entered into after the effective date of this act to manufacture or sell firearms that are identical or nearly identical to those listed in clause (1), or described in clause (2), regardless of the company of production or country of origin.

The weapons listed in clause (1), except those listed in items (iii), (ix), (x), (xiv), and (xv), are the weapons the importation of which was barred by the Bureau of Alcohol, Tobacco, and Firearms of the United States Department of the Treasury in July 1989.

Except as otherwise specifically provided in paragraph (d), a firearm is not a "semiautomatic military-style assault weapon" if it is generally recognized as particularly suitable for or readily adaptable to sporting purposes under United States Code, title 18, section 925, paragraph (d)(3), or any regulations adopted pursuant to that law.

Sec. 26. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 8. [INCLUDED WEAPONS.] *By August 1, 1993, and annually thereafter, the superintendent of the bureau of criminal apprehension shall publish a current authoritative list of the firearms included within the definition of "semiautomatic military-style assault weapon" under this section. Dealers, purchasers, and other persons may rely on the list in complying with this chapter.*

Sec. 27. Minnesota Statutes 1992, section 624.713, is amended to read:

624.713 [CERTAIN PERSONS NOT TO HAVE PISTOLS *OR SEMIAUTOMATIC MILITARY-STYLE ASSAULT WEAPONS*; PENALTY.]

Subdivision 1. [INELIGIBLE PERSONS.] The following persons shall not be entitled to possess a pistol *or semiautomatic military-style assault weapon*:

(a) a person under the age of 18 years except that a person under 18 may carry or possess a pistol *or semiautomatic military-style assault weapon* (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol *or semiautomatic military-style assault weapon* and approved by the commissioner of natural resources;

(b) a person who has been convicted in this state or elsewhere of a crime of violence unless ten years have elapsed since the person has been restored to civil rights or the sentence has expired, whichever occurs first, and during that time the person has not been convicted of any other crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(c) a person who is or has ever been confined or committed in Minnesota or elsewhere as a "mentally ill," "mentally retarded," or "mentally ill and dangerous to the public" person as defined in section 253B.02, to a treatment facility, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof that the person is no longer suffering from this disability;

(d) a person who has been convicted in Minnesota or elsewhere ~~for the unlawful use, possession, or sale of a controlled substance other than conviction for possession of a small amount of marijuana, as defined in section 152.01, subdivision 16~~ *of a misdemeanor or gross misdemeanor violation of chapter 152*, or a person who is or has ever been hospitalized or committed for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person has not abused a controlled substance or marijuana during the previous two years;

(e) a person who has been confined or committed to a treatment facility in Minnesota or elsewhere as "chemically dependent" as defined in section 253B.02, unless the person has completed treatment. Property rights may not be abated but access may be restricted by the courts; ~~or~~

(f) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(g) a person who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed; or

(h) a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224 against a family or household member, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224 or a similar law of another state.

A person who issues a certificate pursuant to this subdivision in good faith is not liable for damages resulting or arising from the actions or misconduct with a firearm committed by the individual who is the subject of the certificate.

Subd. 2. [PENALTIES.] A person named in subdivision 1, clause (a) or (b), who possesses a pistol *or semiautomatic military-style assault weapon* is guilty of a felony. A person named in any other clause of subdivision 1 who

possesses a pistol *or semiautomatic military-style assault weapon* is guilty of a gross misdemeanor.

Subd. 3. [NOTICE ~~TO CONVICTED PERSONS~~.] *(a)* When a person is convicted of a crime of violence as defined in section 624.712, subdivision 5, the court shall inform the defendant that the defendant is prohibited from possessing a pistol *or semiautomatic military-style assault weapon* for a period of ten years after the person was restored to civil rights or since the sentence has expired, whichever occurs first, and that it is a felony offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol *or semiautomatic military-style assault weapon* possession prohibition or the felony penalty to that defendant.

(b) When a person is charged with committing a crime of violence and is placed in a pretrial diversion program by the court before disposition, the court shall inform the defendant that: (1) the defendant is prohibited from possessing a pistol or semiautomatic military-style assault weapon until the person has completed the diversion program and the charge of committing a crime of violence has been dismissed; (2) it is a gross misdemeanor offense to violate this prohibition; and (3) if the defendant violates this condition of participation in the diversion program, the charge of committing a crime of violence may be prosecuted. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol or semiautomatic military-style assault weapon possession prohibition or the gross misdemeanor penalty to that defendant.

Sec. 28. Minnesota Statutes 1992, section 624.7131, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION.] Any person may apply for a ~~pistol~~ transferee permit by providing the following information in writing to the chief of police of an organized full time police department of the municipality in which the person resides or to the county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee; and

(c) a statement by the proposed transferee that the proposed transferee is not prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*.

The statement shall be signed by the person applying for a permit. At the time of application, the local police authority shall provide the applicant with a dated receipt for the application.

Sec. 29. Minnesota Statutes 1992, section 624.7131, subdivision 4, is amended to read:

Subd. 4. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the applicant is prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon* shall be the only basis for refusal to grant a transferee permit.

Sec. 30. Minnesota Statutes 1992, section 624.7131, subdivision 10, is amended to read:

Subd. 10. [TRANSFER REPORT NOT REQUIRED.] A person who transfers a pistol *or semiautomatic military-style assault weapon* to a *licensed peace officer, as defined in section 626.84, subdivision 1, exhibiting a valid peace officer identification, or to a* person exhibiting a valid transferee permit issued pursuant to this section or a valid permit to carry issued pursuant to section 624.714 is not required to file a transfer report pursuant to section 624.7132, subdivision 1.

Sec. 31. Minnesota Statutes 1992, section 624.7132, is amended to read:

624.7132 [REPORT OF TRANSFER.]

Subdivision 1. [REQUIRED INFORMATION.] Except as provided in this section and section 624.7131, every person who agrees to transfer a pistol *or semiautomatic military-style assault weapon* shall report the following information in writing to the chief of police of the organized full-time police department of the municipality where the agreement is made or to the appropriate county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee;

(c) a statement by the proposed transferee that the transferee is not prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*; and

(d) the address of the place of business of the transferor.

The report shall be signed by the transferor and the proposed transferee. The report shall be delivered by the transferor to the chief of police or sheriff no later than three days after the date of the agreement to transfer, excluding weekends and legal holidays.

Subd. 2. [INVESTIGATION.] Upon receipt of a transfer report, the chief of police or sheriff shall check criminal histories, records and warrant information relating to the proposed transferee through the Minnesota crime information system.

Subd. 3. [NOTIFICATION.] The chief of police or sheriff shall notify the transferor and proposed transferee in writing as soon as possible if the chief or sheriff determines that the proposed transferee is prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*. The notification to the transferee shall specify the grounds for the disqualification of the proposed transferee and shall set forth in detail the transferee's right of appeal under subdivision 13.

Subd. 4. [DELIVERY.] *Except as otherwise provided in subdivision 7 or 8,* no person shall deliver a pistol *or semiautomatic military-style assault weapon* to a proposed transferee until seven days after the date of the agreement to transfer as stated on the report delivered to a chief of police or sheriff in accordance with subdivision 1 unless the chief of police or sheriff waives all or a portion of the seven day waiting period.

No person shall deliver a pistol *or semiautomatic military-style assault weapon* to a proposed transferee after receiving a written notification that the chief of police or sheriff has determined that the proposed transferee is prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*.

If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, the pistol *or semiautomatic military-style assault weapon* may be delivered to the transferee.

Subd. 5. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the proposed transferee is prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon* shall be the sole basis for a notification of disqualification under this section.

Subd. 6. [TRANSFEREE PERMIT.] If a chief of police or sheriff determines that a transferee is not a person prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*, the transferee may, within 30 days after the determination, apply to that chief of police or sheriff for a transferee permit, and the permit shall be issued.

Subd. 7. [IMMEDIATE TRANSFERS.] The chief of police or sheriff may waive all or a portion of the seven day waiting period for a transfer.

Subd. 8. [REPORT NOT REQUIRED.] (1) If the proposed transferee presents a valid transferee permit issued under section ~~624.714, subdivision 9~~ *624.7131* or a valid permit to carry issued under section 624.714, *or if the transferee is a licensed peace officer, as defined in section 626.84, subdivision 1, who presents a valid peace officer photo identification and badge,* the transferor need not file a transfer report.

(2) If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, no report or investigation shall be required under this section for any additional transfers between that transferor and that transferee which are made within 30 days of the date on which delivery of the first pistol *or semiautomatic military-style assault weapon* may be made under subdivision 4.

Subd. 9. [NUMBER OF PISTOLS *OR SEMIAUTOMATIC MILITARY-STYLE ASSAULT WEAPONS*.] Any number of pistols *or semiautomatic military-style assault weapons* may be the subject of a single transfer agreement and report to the chief of police or sheriff. Nothing in this section or section 624.7131 shall be construed to limit or restrict the number of pistols *or semiautomatic military-style assault weapons* a person may acquire.

Subd. 10. [RESTRICTION ON RECORDS.] If, after a determination that the transferee is not a person prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon*, a transferee requests that no record be maintained of the fact of who is the transferee of a pistol *or semiautomatic military-style assault weapon*, the chief of police or sheriff shall sign the transfer report and return it to the transferee as soon as possible. Thereafter, no government employee or agency shall maintain a record of the transfer that identifies the transferee, and the transferee shall retain the report of transfer.

Subd. 11. [FORMS; COST.] Chiefs of police and sheriffs shall make transfer report forms available throughout the community. There shall be no charge for forms, reports, investigations, notifications, waivers or any other act performed or materials provided by a government employee or agency in connection with a ~~pistol~~ transfer.

Subd. 12. [EXCLUSIONS.] This section shall not apply to transfers of antique firearms as curiosities or for their historical significance or value, transfers to or between federally licensed firearms dealers, transfers by order of court, involuntary transfers, transfers at death or the following transfers:

(a) A transfer by a person other than a federally licensed firearms dealer;

(b) A loan to a prospective transferee if the loan is intended for a period of no more than one day;

(c) The delivery of a pistol *or semiautomatic military-style assault weapon* to a person for the purpose of repair, reconditioning or remodeling;

(d) A loan by a teacher to a student in a course designed to teach marksmanship or safety with a pistol and approved by the commissioner of natural resources;

(e) A loan between persons at a firearms collectors exhibition;

(f) A loan between persons lawfully engaged in hunting or target shooting if the loan is intended for a period of no more than 12 hours;

(g) A loan between law enforcement officers who have the power to make arrests other than citizen arrests; and

(h) A loan between employees or between the employer and an employee in a business if the employee is required to carry a pistol *or semiautomatic military-style assault weapon* by reason of employment and is the holder of a valid permit to carry a pistol.

Subd. 13. [APPEAL.] A person aggrieved by the determination of a chief of police or sheriff that the person is prohibited by section 624.713 from possessing a pistol *or semiautomatic military-style assault weapon* may appeal the determination as provided in this subdivision. In Hennepin and Ramsey counties the municipal court shall have jurisdiction of proceedings under this subdivision. In the remaining counties of the state, the county court shall have jurisdiction of proceedings under this subdivision.

On review pursuant to this subdivision, the court shall be limited to a determination of whether the proposed transferee is a person prohibited from possessing a pistol *or semiautomatic military-style assault weapon* by section 624.713.

Subd. 14. [TRANSFER TO UNKNOWN PARTY.] (a) No person shall transfer a pistol *or semiautomatic military-style assault weapon* to another who is not personally known to the transferor unless the proposed transferee presents evidence of identity to the transferor. A person who transfers a pistol *or semiautomatic military-style assault weapon* in violation of this clause is guilty of a misdemeanor.

(b) No person who is not personally known to the transferor shall become a transferee of a pistol *or semiautomatic military-style assault weapon* unless the person presents evidence of identity to the transferor. A person who

becomes a transferee of a pistol *or semiautomatic military-style assault weapon* in violation of this clause is guilty of a misdemeanor.

Subd. 15. [PENALTIES.] A person who does any of the following is guilty of a gross misdemeanor:

(a) Transfers a pistol *or semiautomatic military-style assault weapon* in violation of subdivisions 1 to 13;

(b) Transfers a pistol *or semiautomatic military-style assault weapon* to a person who has made a false statement in order to become a transferee, if the transferor knows or has reason to know the transferee has made the false statement;

(c) Knowingly becomes a transferee in violation of subdivisions 1 to 13; or

(d) Makes a false statement in order to become a transferee of a pistol *or semiautomatic military-style assault weapon* knowing or having reason to know the statement is false.

Subd. 16. [LOCAL REGULATION.] This section shall be construed to supersede municipal or county regulation of the transfer of pistols.

Sec. 32. Minnesota Statutes 1992, section 624.714, subdivision 1, is amended to read:

Subdivision 1. [PENALTY.] *(a)* A person, other than a law enforcement officer who has authority to make arrests other than citizens arrests, who carries, holds or possesses a pistol in a motor vehicle, snowmobile or boat, or on or about the person's clothes or the person, or otherwise in possession or control in a public place or public area without first having obtained a permit to carry the pistol is guilty of a gross misdemeanor. *A person who is convicted a second or subsequent time is guilty of a felony.*

(b) A person who has been issued a permit and who engages in activities other than those for which the permit has been issued, is guilty of a misdemeanor.

Sec. 33. [624.7162] [FIREARMS DEALERS; SAFETY REQUIREMENTS.]

Subdivision 1. [FIREARMS DEALERS.] *For purposes of this section, a firearms dealer is any person who is federally licensed to sell firearms from any location.*

Subd. 2. [NOTICE REQUIRED.] *In each business location where firearms are sold by a firearms dealer, the dealer shall post in a conspicuous location the following warning in block letters not less than one inch in height: "IT IS UNLAWFUL TO STORE OR LEAVE A LOADED FIREARM WHERE A CHILD CAN OBTAIN ACCESS."*

Subd. 3. [FINE.] *A person who violates the provisions of this section is guilty of a petty misdemeanor and may be fined not more than $200.*

Sec. 34. [624.7181] [RIFLES AND SHOTGUNS IN PUBLIC PLACES.]

Subdivision 1. [DEFINITIONS.] *For purposes of this section, the following terms have the meanings given them.*

(a) "Carry" does not include:

(1) the carrying of a rifle or shotgun to, from, or at a place where firearms are repaired, bought, sold, traded, or displayed, or where hunting, target shooting, or other lawful activity involving firearms occurs, or at funerals, parades, or other lawful ceremonies;

(2) the carrying by a person of a rifle or shotgun that is unloaded and in a gun case expressly made to contain a firearm, if the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and no portion of the firearm is exposed;

(3) the carrying of a rifle or shotgun by a person who has a permit under section 624.714;

(4) the carrying of an antique firearm as a curiosity or for its historical significance or value; or

(5) the transporting of a rifle or shotgun in compliance with section 97B.045.

(b) "Public place" means property owned, leased, or controlled by a governmental unit and private property that is regularly and frequently open to or made available for use by the public in sufficient numbers to give clear notice of the property's current dedication to public use but does not include: a person's dwelling house or premises, the place of business owned or managed by the person, or land possessed by the person; a gun show, gun shop, or hunting or target shooting facility; or the woods, fields, or waters of this state where the person is present lawfully for the purpose of hunting or target shooting or other lawful activity involving firearms.

Subd. 2. [GROSS MISDEMEANOR.] *Whoever carries a rifle or shotgun on or about the person in a public place is guilty of a gross misdemeanor.*

Subd. 3. [EXCEPTIONS.] *This section does not apply to officers, employees, or agents of law enforcement agencies or the armed forces of this state or the United States, or private detectives or protective agents, to the extent that these persons are authorized by law to carry firearms and are acting in the scope of official duties.*

Sec. 35. [EFFECTIVE DATE.]

Sections 4 to 25 and 27 to 34 are effective August 1, 1993, and apply to crimes committed on or after that date. Section 25 is effective the day following final enactment.

Section 3 is effective the day following final enactment and only applies to zoning of future sites of business locations where firearms are sold by a firearms dealer.

ARTICLE 2

HARASSMENT, STALKING, AND DOMESTIC ABUSE

Section 1. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 105a. [DATA FOR ASSESSMENT OF OFFENDERS.] *Access to data for the purpose of a mental health assessment of a convicted harassment offender is governed by section 609.749, subdivision 6.*

Sec. 2. Minnesota Statutes 1992, section 168.346, is amended to read:

168.346 [PRIVACY OF *NAME OR* RESIDENCE ADDRESS.]

The registered owner of a motor vehicle may request in writing that the owner's residence address *or name and 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 *or name and 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 1992, section 480.30, is amended to read:

480.30 [JUDICIAL TRAINING ON DOMESTIC ABUSE, *HARASSMENT, AND STALKING.*]

The supreme court's judicial education program ~~on domestic~~ abuse must include ongoing training for district court judges on domestic abuse, *harassment, and stalking* laws and related civil and criminal court issues. The program must include education on the causes of family violence and culturally responsive approaches to serving victims. The program must emphasize the need for the coordination of court and legal victim advocacy services and include education on domestic abuse programs and policies within law enforcement agencies and prosecuting authorities as well as the court system.

Sec. 4. Minnesota Statutes 1992, section 518B.01, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms shall have the meanings given them:

(a) "Domestic abuse" means: (i) physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury or assault, between family or household members; or (ii) *terroristic threats, within the meaning of section 609.713, subdivision 1, or* criminal sexual conduct, within the meaning of section 609.342, 609.343, 609.344, or 609.345, committed against a ~~minor~~ family or household member by ~~an adult~~ *a* family or household member.

(b) "Family or household members" means spouses, former spouses, parents and children, persons related by blood, and persons who are presently residing together or who have resided together in the past, and persons who have a child in common regardless of whether they have been married or have lived together at any time. "Family or household member" also includes a man and woman if the woman is pregnant and the man is alleged to be the father, regardless of whether they have been married or have lived together at any time. Issuance of an order for protection on this ground does not affect a determination of paternity under sections 257.51 to 257.74.

Sec. 5. Minnesota Statutes 1992, section 518B.01, subdivision 3, is amended to read:

Subd. 3. [COURT JURISDICTION.] An application for relief under this section may be filed in the court having jurisdiction over dissolution actions *in the county of residence of either party, in the county in which a pending or completed family court proceeding involving the parties or their minor children was brought, or in the county in which the alleged domestic abuse occurred.* In a jurisdiction which utilizes referees in dissolution actions, the court or judge may refer actions under this section to a referee to take and report the evidence ~~therein~~ *in the action* in the same manner and subject to the same limitations ~~as is~~ provided in section 518.13. Actions under this section shall be given docket priorities by the court.

Sec. 6. Minnesota Statutes 1992, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] (a) Upon notice and hearing, the court may provide relief as follows:

(1) restrain the abusing party from committing acts of domestic abuse;

(2) exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;

(3) award temporary custody or establish temporary visitation with regard to minor children of the parties on a basis which gives primary consideration to the safety of the victim and the children. Except for cases in which custody is contested, findings under section 257.025, 518.17, or 518.175 are not required. If the court finds that the safety of the victim or the children will be jeopardized by unsupervised or unrestricted visitation, the court shall condition or restrict visitation as to time, place, duration, or supervision, or deny visitation entirely, as needed to guard the safety of the victim and the children. The court's decision on custody and visitation shall in no way delay the issuance of an order for protection granting other reliefs provided for in this section;

(4) on the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;

(5) provide upon request of the petitioner counseling or other social services for the parties, if married, or if there are minor children;

(6) order the abusing party to participate in treatment or counseling services;

(7) award temporary use and possession of property and 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;

(8) exclude the abusing party from the place of employment of the petitioner, or otherwise limit access to the petitioner by the abusing party at the petitioner's place of employment;

(9) order the abusing party to pay restitution to the petitioner; ~~and~~

(10) *order the continuance of all currently available insurance coverage without change in coverage or beneficiary designation; and*

(11) order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, as provided by this section.

(b) Any relief granted by the order for protection shall be for a fixed period not to exceed one year, except when the court determines a longer fixed period is appropriate.

(c) An order granting the relief authorized in paragraph (a), clause (1), may not be vacated or modified in a proceeding for dissolution of marriage or legal separation, except that the court may hear a motion for modification of an order for protection concurrently with a proceeding for dissolution of marriage upon notice of motion and motion. The notice required by court rule shall not be waived. If the proceedings are consolidated and the motion to modify is granted, a separate order for modification of an order for protection shall be issued.

(d) An order granting the relief authorized in paragraph (a), clause (2), is not voided by the admittance of the abusing party into the dwelling from which the abusing party is excluded.

(e) If a proceeding for dissolution of marriage or legal separation is pending between the parties, the court shall provide a copy of the order for protection to the court with jurisdiction over the dissolution or separation proceeding for inclusion in its file.

(f) An order for restitution issued under this subdivision is enforceable as civil judgment.

Sec. 7. Minnesota Statutes 1992, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [TEMPORARY ORDER.] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte temporary order for protection, pending a full hearing, and granting relief as the court deems proper, including an order:

(1) restraining the abusing party from committing acts of domestic abuse;

(2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court; ~~and~~

(3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment*; and*

(4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.

(b) A finding by the court that there is a basis for issuing an ex parte temporary order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte temporary relief.

(c) An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days, except for good cause as provided under paragraph (d). A full hearing, as provided by this section, shall be set for not

later than seven days from the issuance of the temporary order. The respondent shall be served forthwith a copy of the ex parte order along with a copy of the petition and notice of the date set for the hearing.

(d) When service is made by published notice, as provided under subdivision 5, the petitioner may apply for an extension of the period of the ex parte order at the same time the petitioner files the affidavit required under that subdivision. The court may extend the ex parte temporary order for an additional period not to exceed 14 days. The respondent shall be served forthwith a copy of the modified ex parte order along with a copy of the notice of the new date set for the hearing.

Sec. 8. Minnesota Statutes 1992, section 518B.01, subdivision 9, is amended to read:

Subd. 9. [ASSISTANCE OF SHERIFF IN SERVICE OR EXECUTION.] When an order is issued under this section upon request of the petitioner, the court shall order the sheriff or constable to accompany the petitioner and assist in placing the petitioner in possession of the dwelling or residence, or otherwise assist in execution or service of the order of protection. *If the application for relief is brought in a county in which the respondent is not present, the sheriff shall forward the pleadings necessary for service upon the respondent to the sheriff of the county in which the respondent is present. This transmittal must be expedited to allow for timely service.*

Sec. 9. Minnesota Statutes 1992, section 518B.01, subdivision 14, is amended to read:

Subd. 14. [VIOLATION OF AN ORDER FOR PROTECTION.] (a) Whenever an order for protection is granted pursuant to this section, and the respondent or person to be restrained knows of the order, violation of the order for protection is a misdemeanor. Upon conviction, the defendant must be sentenced to a minimum of three days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. If the court stays imposition or execution of the jail sentence and the defendant refuses or fails to comply with the court's treatment order, the court must impose and execute the stayed jail sentence. A person who violates this paragraph within ~~two~~ *five* years after *being discharged from sentence for* a previous conviction under this paragraph or within ~~two~~ *five* years after *being discharged from sentence for* a previous conviction under a similar law of another state, is guilty of a gross misdemeanor. Upon conviction, the defendant must be sentenced to a minimum of ten days imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court. Notwithstanding section 609.135, the court must impose and execute the minimum sentence provided in this paragraph for gross misdemeanor convictions.

(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 granted pursuant to this section restraining the person or excluding the person from the residence or the petitioner's place of employment, even if the violation of the order did not take place in the presence of the peace officer, if the existence of the order can be verified by the officer. The person shall be held in custody for at least 36 hours, excluding the day of arrest, Sundays, and holidays, unless the person is released earlier by a judge or judicial officer. A peace officer acting in good faith and exercising due care in making an arrest

pursuant to this paragraph is immune from civil liability that might result from the officer's actions.

(c) A violation of an order for protection shall also constitute contempt of court and be subject to the penalties therefor.

(d) If the court finds that the respondent has violated an order for protection and that there is reason to believe that the respondent will commit a further violation of the provisions of the order restraining the respondent from committing acts of domestic abuse or excluding the respondent from the petitioner's residence, the court may require the respondent to acknowledge an obligation to comply with the order on the record. The court may require a bond sufficient to deter the respondent from committing further violations of the order for protection, considering the financial resources of the respondent, and not to exceed $10,000. If the respondent refuses to comply with an order to acknowledge the obligation or post a bond under this paragraph, the court shall commit the respondent to the county jail during the term of the order for protection or until the respondent complies with the order under this paragraph. The warrant must state the cause of commitment, with the sum and time for which any bond is required. If an order is issued under this paragraph, the court may order the costs of the contempt action, or any part of them, to be paid by the respondent. An order under this paragraph is appealable.

(e) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated any order for protection granted pursuant to this section, the court may issue an order to the respondent, requiring the respondent to appear and show cause within 14 days why the respondent should not be found in contempt of court and punished therefor. The hearing may be held by the court in any county in which the petitioner or respondent temporarily or permanently resides at the time of the alleged violation. The court also ~~may~~ *shall* refer the violation of the order for protection to the appropriate prosecuting authority for possible prosecution under paragraph (a).

(f) If it is alleged that the respondent has violated an order for protection issued under subdivision 6 and the court finds that the order has expired between the time of the alleged violation and the court's hearing on the violation, the court may grant a new order for protection under subdivision 6 based solely on the respondent's alleged violation of the prior order, to be effective until the hearing on the alleged violation of the prior order. If the court finds that the respondent has violated the prior order, the relief granted in the new order for protection shall be extended for a fixed period, not to exceed one year.

(g) The admittance into petitioner's dwelling of an abusing party excluded from the dwelling under an order for protection is not a violation by the petitioner of the order for protection.

A peace officer is not liable under section 609.43, clause (1), for a failure to perform a duty required by paragraph (b).

Sec. 10. Minnesota Statutes 1992, section 609.13, is amended by adding a subdivision to read:

Subd. 3. [MISDEMEANORS.] *If a defendant is convicted of a misdemeanor and is sentenced, or if the imposition of sentence is stayed, and the defendant is thereafter discharged without sentence, the conviction is deemed*

to be for a misdemeanor for purposes of determining the penalty for a subsequent offense.

Sec. 11. Minnesota Statutes 1992, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years ~~of~~ *after being discharged from sentence for* a previous conviction under ~~subdivision 1~~ *this section*, sections 609.221 to 609.2231, *609.342 to 609.345, or 609.713*, or any similar law of another state, *is guilty of a gross misdemeanor and* may be sentenced to imprisonment for not more than one year or to ~~a~~ payment of a fine of not more than $3,000, or both. Whoever violates the provisions of subdivision 1 against a family or household member as defined in section 518B.01, subdivision 2, within five years ~~of~~ *after being discharged from sentence for* a previous conviction under ~~subdivision 1~~ *this section* or sections 609.221 to 609.2231, *609.342 to 609.345, or 609.713* against a family or household member~~,~~ *is guilty of a gross misdemeanor 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.

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under ~~subdivision 1~~ *this section* or sections 609.221 to 609.2231 *or 609.713 is guilty of a gross misdemeanor and* may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $3,000, or both.

Sec. 12. Minnesota Statutes 1992, section 609.224, is amended by adding a subdivision to read:

Subd. 4. [FELONY.] *(a) Whoever violates the provisions of subdivision 1 against the same victim within five years after being discharged from sentence for the first of two or more previous convictions under this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 is guilty of a felony and may be sentenced to imprisonment for not more than five years or payment of a fine of not more than $10,000, or both.*

(b) Whoever violates the provisions of subdivision 1 within three years of the first of two or more previous convictions under this section or sections 609.221 to 609.2231 or 609.713 is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

Sec. 13. Minnesota Statutes 1992, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] (a) The following terms have the meanings given them for purposes of this section.

(i) "Premises" means real property and any appurtenant building or structure.

(ii) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8.

(b) A person is guilty of a misdemeanor if the person intentionally:

(1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;

(2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;

(3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;

(4) occupies or enters the dwelling of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;

(5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;

(6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; or

(7) returns to the property of another with the intent to ~~harass,~~ abuse, *disturb, or cause distress in* or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent.

Sec. 14. Minnesota Statutes 1992, section 609.748, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] ~~As used in~~ *For the purposes of* this section, *the following terms have the meanings given them in this subdivision.*

(a) "Harassment" ~~means~~ *includes:*

(1) 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~~.~~*;*

(2) targeted residential picketing; and

(3) a pattern of attending public events after being notified that the actor's presence at the event is harassing to another.

(b) "Respondent" includes any individuals alleged to have engaged in harassment or organizations alleged to have sponsored or promoted harassment.

(c) "Targeted residential picketing" includes the following acts when committed on more than one occasion:

(1) marching, standing, or patrolling by one or more persons directed solely at a particular residential building in a manner that adversely affects the safety, security, or privacy of an occupant of the building; or

(2) marching, standing, or patrolling by one or more persons which prevents an occupant of a residential building from gaining access to or exiting from the property on which the residential building is located.

Sec. 15. Minnesota Statutes 1992, section 609.748, subdivision 2, is amended to read:

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~~ *district* court on behalf of the minor.

Sec. 16. Minnesota Statutes 1992, section 609.748, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF PETITION; HEARING; NOTICE.] (a) 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 and shall advise the petitioner of the right to sue in forma pauperis under section 563.01. Upon receipt of the petition, the court shall order a hearing, which must be held not later than 14 days from the date of the order. Personal service must be made upon the respondent not less than five days before the hearing. If personal service cannot be completed in time to give the respondent the minimum notice required under this paragraph, the court may set a new hearing date.

(b) Notwithstanding paragraph (a), the order for a hearing and a temporary order issued under subdivision 4 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 petition and order for hearing and any temporary restraining order has been mailed to the respondent at the respondent's residence *or place of business, if the respondent is an organization,* or the respondent's residence *or place of business* is not known to the petitioner.

Sec. 17. Minnesota Statutes 1992, section 609.748, is amended by adding a subdivision to read:

Subd. 3a. [FILING FEE WAIVED.] *The filing fees for a restraining order under this section are waived for the petitioner. The court administrator and the sheriff of any county in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff is unavailable or if service is made by publication, without requiring the petitioner to make application under section 563.01. The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.*

Sec. 18. Minnesota Statutes 1992, section 609.748, subdivision 5, is amended to read:

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 subdivision 3, 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*; except that if the respondent is an organization, the order may be issued against and apply to all of the members of the organization.* Relief granted by the restraining order must be for a fixed period of not more than two years.

(b) An order issued under this subdivision must be personally served upon the respondent.

Sec. 19. Minnesota Statutes 1992, section 609.748, subdivision 6, is amended to read:

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. *A person is guilty of a gross misdemeanor who knowingly violates the order within five years after being discharged from sentence for a previous conviction under this subdivision; sections 609.221 to 609.224; 518B.01, subdivision 14; 609.713, subdivisions 1 or 3; or 609.749.*

(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.

(c) A violation of a temporary restraining order or restraining order shall also constitute contempt of court.

(d) Upon the filing of an affidavit by the petitioner, any peace officer, or an interested party designated by the court, alleging that the respondent has violated an order issued under subdivision 4 or 5, the court may issue an order to the respondent requiring the respondent to appear within 14 days and show cause why the respondent should not be held in contempt of court. The court also shall refer the violation of the order to the appropriate prosecuting authority for possible prosecution under paragraph (a).

Sec. 20. Minnesota Statutes 1992, section 609.748, subdivision 8, is amended to read:

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 that a subsequent violation is a gross misdemeanor punishable by imprisonment for up to one year or a fine of up to $3,000, 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. 21. Minnesota Statutes 1992, section 609.748, is amended by adding a subdivision to read:

Subd. 9. [EFFECT ON LOCAL ORDINANCES.] *Nothing in this section shall supersede or preclude the continuation or adoption of any local ordinance which applies to a broader scope of targeted residential picketing conduct than that described in subdivision 1.*

Sec. 22. [609.749] [HARASSMENT; STALKING; PENALTIES.]

Subdivision 1. [DEFINITION.] *As used in this section, "harass" means to engage in intentional conduct in a manner that:*

(1) would cause a reasonable person under the circumstances to feel oppressed, persecuted, or intimidated; and

(2) causes this reaction on the part of the victim.

Subd. 2. [HARASSMENT AND STALKING CRIMES.] *A person who harasses another by committing any of the following acts is guilty of a gross misdemeanor:*

(1) directly or indirectly manifests a purpose or intent to injure the person, property, or rights of another by the commission of an unlawful act;

(2) stalks, follows, or pursues another;

(3) returns to the property of another if the actor is without claim of right to the property or consent of one with authority to consent;

(4) repeatedly makes telephone calls, or induces a victim to make telephone calls to the actor, whether or not conversation ensues;

(5) makes or causes the telephone of another repeatedly or continuously to ring;

(6) repeatedly uses the mail or delivers or causes the delivery of letters, telegrams, packages, or other objects; or

(7) engages in any other harassing conduct that interferes with another person or intrudes on the person's privacy or liberty.

The conduct described in clauses (4) and (5) may be prosecuted either at the place where the call is made or where it is received. The conduct described in clause (6) may be prosecuted either where the mail is deposited or where it is received.

Subd. 3. [AGGRAVATED VIOLATIONS.] *A person who commits any of the following acts is guilty of a felony:*

(1) commits any offense described in subdivision 2 because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363.01, age, or national origin;

(2) commits any offense described in subdivision 2 by falsely impersonating another;

(3) commits any offense described in subdivision 2 and possesses a dangerous weapon at the time of the offense;

(4) commits a violation of subdivision 1 with intent to influence or otherwise tamper with a juror or a judicial proceeding or with intent to retaliate against a judicial officer, as defined in section 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's performance of official duties in connection with a judicial proceeding; or

(5) commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim.

Subd. 4. [SECOND OR SUBSEQUENT VIOLATIONS; FELONY.] *A person is guilty of a felony who violates any provision of subdivision 2 within ten years after being discharged from sentence for a previous conviction under this section; sections 609.221 to 609.224; 518B.01, subdivision 14; 609.748, subdivision 6; or 609.713, subdivision 1, 3, or 4.*

Subd. 5. [PATTERN OF HARASSING CONDUCT.] *(a) A person who engages in a pattern of harassing conduct with respect to a single victim or one or more members of a single household in a manner that would cause a reasonable person under the circumstances to feel terrorized or to fear bodily harm and that does cause this reaction on the part of the victim, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than $20,000, or both.*

(b) For purposes of this subdivision, a "pattern of harassing conduct" means two or more acts within a five-year period that violate the provisions of any of the following:

(1) this section;

(2) section 609.713;

(3) section 609.224;

(4) section 518B.01, subdivision 14;

(5) section 609.748, subdivision 6;

(6) section 609.605, subdivision 1, paragraph (a), clause (7);

(7) section 609.79; or

(8) section 609.795.

Subd. 6. [MENTAL HEALTH ASSESSMENT AND TREATMENT.] *(a) When a person is convicted of a felony offense under this section, or another felony offense arising out of a charge based on this section, the court shall order an independent professional mental health assessment of the offender's need for mental health treatment. The court may waive the assessment if an adequate assessment was conducted prior to the conviction.*

(b) Notwithstanding section 13.42, 13.85, 144.335, or 260.161, the assessor has access to the following private or confidential data on the person if access is relevant and necessary for the assessment:

(1) medical data under section 13.42;

(2) welfare data under section 13.46;

(3) corrections and detention data under section 13.85;

(4) health records under section 144.335; and

(5) juvenile court records under section 260.161.

Data disclosed under this section may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

(c) If the assessment indicates that the offender is in need of and amenable to mental health treatment, the court shall include in the sentence a requirement that the offender undergo treatment.

(d) The court shall order the offender to pay the costs of assessment under this subdivision unless the offender is indigent under section 563.01.

Subd. 7. [EXCEPTION.] *Conduct is not a crime under this section if it is performed under terms of a valid license, to ensure compliance with a court order, or to carry out a specific lawful commercial purpose or employment duty, is authorized or required by a valid contract, or is authorized, required, or protected by state or federal law or the state or federal constitutions. Subdivision 2, clause (2), does not impair the right of any individual or group to engage in speech protected by the federal constitution, the state constitution, or federal or state law, including peaceful and lawful handbilling and picketing.*

Sec. 23. Minnesota Statutes 1992, section 609.79, subdivision 1, is amended to read:

Subdivision 1. Whoever,

(1) By means of a telephone,

(a) makes any comment, request, suggestion or proposal which is obscene, lewd, or lascivious,

(b) Repeatedly makes telephone calls, whether or not conversation ensues, with intent to abuse, ~~threaten, or harass,~~ *disturb, or cause distress,*

(c) Makes or causes the telephone of another repeatedly or continuously to ring, with intent to ~~harass~~ *abuse, disturb, or cause distress in* any person at the called number, or

(2) Having control of a telephone, knowingly permits it to be used for any purpose prohibited by this section, shall be guilty of a misdemeanor.

Sec. 24. Minnesota Statutes 1992, section 609.795, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANORS.] Whoever does any of the following is guilty of a misdemeanor:

(1) knowing that the actor does not have the consent of either the sender or the addressee, intentionally opens any sealed letter, telegram, or package addressed to another; or

(2) knowing that a sealed letter, telegram, or package has been opened without the consent of either the sender or addressee, intentionally publishes any of the contents thereof; or

(3) with the intent to ~~harass,~~ abuse, ~~or threaten,~~ *disturb, or cause distress,* repeatedly uses the mails or delivers letters, telegrams, or packages.

Sec. 25. Minnesota Statutes 1992, section 611A.031, is amended to read:

611A.031 [VICTIM INPUT REGARDING PRETRIAL DIVERSION.]

A prosecutor shall make every reasonable effort to notify and seek input from the victim prior to referring a person into a pretrial diversion program in lieu of prosecution for a violation of sections 609.185, 609.19, 609.195, 609.20, 609.205, 609.221, 609.222, 609.223, 609.224, 609.24, 609.245, 609.25, 609.255, 609.342, 609.343, 609.344, 609.345, 609.365, 609.498, 609.561, 609.582, subdivision 1, ~~and~~ 609.687, *609.713, and 609.749*.

Sec. 26. Minnesota Statutes 1992, section 611A.0315, is amended to read:

611A.0315 [VICTIM NOTIFICATION; DOMESTIC ASSAULT; *HARASSMENT.*]

Subdivision 1. [NOTICE OF DECISION NOT TO PROSECUTE.] (a) A prosecutor shall make every reasonable effort to notify a ~~domestic assault~~ victim *of domestic assault or harassment* that the prosecutor has decided to decline prosecution of the case or to dismiss the criminal charges filed against the defendant. Efforts to notify the victim should include, in order of priority: (1) contacting the victim or a person designated by the victim by telephone; and (2) contacting the victim by mail. If a suspect is still in custody, the notification attempt shall be made before the suspect is released from custody.

(b) Whenever a prosecutor dismisses criminal charges against a person accused of domestic assault *or harassment*, a record shall be made of the specific reasons for the dismissal. If the dismissal is due to the unavailability of the witness, the prosecutor shall indicate the specific reason that the witness is unavailable.

(c) Whenever a prosecutor notifies a victim of domestic assault or harassment under this section, the prosecutor shall also inform the victim of the method and benefits of seeking an order for protection under section 518B.01 or a restraining order under section 609.748 and that the victim may seek an order without paying a fee.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(a) "Assault" has the meaning given it in section 609.02, subdivision 10.

(b) "Domestic assault" means an assault committed by the actor against a family or household member.

(c) "Family or household member" has the meaning given it in section 518B.01, subdivision 2.

(d) "Harassment" means a violation of section 609.749.

Sec. 27. Minnesota Statutes 1992, section 626.8451, subdivision 1a, is amended to read:

Subd. 1a. [TRAINING COURSE; CRIMES OF VIOLENCE.] In consultation with the crime victim and witness advisory council and the school of law enforcement, the board shall prepare a training course to assist peace officers in responding to crimes of violence and to enhance peace officer sensitivity in interacting with and assisting crime victims. *For purposes of this course, harassment and stalking crimes are "crimes of violence."* The course must include information about:

(1) the needs of victims of these crimes and the most effective and sensitive way to meet those needs or arrange for them to be met;

(2) the extent and causes of crimes of violence, including physical and sexual abuse, physical violence, *harassment and stalking,* and neglect;

(3) the identification of crimes of violence and patterns of violent behavior; and

(4) culturally responsive approaches to dealing with victims and perpetrators of violence.

Sec. 28. Minnesota Statutes 1992, section 629.34, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICERS AND CONSTABLES.] (a) A peace officer, as defined in section 626.84, subdivision 1, clause (c), or a constable, as defined in section 367.40, subdivision 3, who is on or off duty within the jurisdiction of the appointing authority, or on duty outside the jurisdiction of the appointing authority pursuant to section 629.40, may arrest a person without a warrant as provided under paragraph (c).

(b) A part-time peace officer, as defined in section 626.84, subdivision 1, clause (f), who is on duty within the jurisdiction of the appointing authority, or on duty outside the jurisdiction of the appointing authority pursuant to section 629.40 may arrest a person without a warrant as provided under paragraph (c).

(c) A peace officer, constable, or part-time peace officer who is authorized under paragraph (a) or (b) to make an arrest without a warrant may do so under the following circumstances:

(1) when a public offense has been committed or attempted in the officer's or constable's presence;

(2) when the person arrested has committed a felony, although not in the officer's or constable's presence;

(3) when a felony has in fact been committed, and the officer or constable has reasonable cause for believing the person arrested to have committed it;

(4) upon a charge based upon reasonable cause of the commission of a felony by the person arrested; ~~or~~

(5) under the circumstances described in clause (2), (3), or (4), when the offense is a gross misdemeanor violation of section 609.52, 609.595, 609.631, *609.749,* or 609.821*; or*

(6) under circumstances described in clause (2), (3), or (4), when the offense is a violation of a restraining order or no contact order previously issued by a court.

(d) To make an arrest authorized under this subdivision, the officer or constable may break open an outer or inner door or window of a dwelling house if, after notice of office and purpose, the officer or constable is refused admittance.

Sec. 29. Minnesota Statutes 1992, section 629.341, subdivision 1, is amended to read:

Subdivision 1. [ARREST.] Notwithstanding section 629.34 or any other law or rule, a peace officer may arrest a person anywhere without a warrant, including at the person's residence if the peace officer has probable cause to believe that the person within the preceding four hours has assaulted, threatened with a dangerous weapon, or placed in fear of immediate bodily harm the person's spouse, former spouse, ~~or~~ other person with whom the person resides or has formerly resided, *or other person with whom the person has a child or an unborn child in common, regardless of whether they have been married or have lived together at any time*. The arrest may be made even though the assault did not take place in the presence of the peace officer.

Sec. 30. Minnesota Statutes 1992, section 629.342, subdivision 2, is amended to read:

Subd. 2. [POLICIES REQUIRED.] (a) *By July 1, 1993*, each law enforcement agency shall develop, adopt, and implement a written policy regarding arrest procedures for domestic abuse incidents. In the development of a policy, each law enforcement agency shall consult with domestic abuse advocates, community organizations, and other law enforcement agencies with expertise in the recognition and handling of domestic abuse incidents. The policy shall discourage dual arrests, include consideration of whether one of the parties acted in self defense, and provide guidance to officers concerning instances in which officers should remain at the scene of a domestic abuse incident until the likelihood of further imminent violence has been eliminated.

(b) The bureau of criminal apprehension, the board of peace officer standards and training, and the battered women's advisory council appointed by the commissioner of corrections under section 611A.34, in consultation with the Minnesota chiefs of police association, the Minnesota sheriffs association, and the Minnesota police and peace officers association, shall develop a written model policy regarding arrest procedures for domestic abuse incidents for use by local law enforcement agencies. Each law enforcement agency may adopt the model policy in lieu of developing its own policy under the provisions of paragraph (a).

(c) Local law enforcement agencies that have already developed a written policy regarding arrest procedures for domestic abuse incidents before July 1, 1992, are not required to develop a new policy but must review their policies and consider the written model policy developed under paragraph (b).

Sec. 31. Minnesota Statutes 1992, section 629.72, is amended to read:

629.72 [BAIL IN CASES OF DOMESTIC ASSAULT *OR HARASSMENT*.]

Subdivision 1. [ALLOWING DETENTION IN LIEU OF CITATION; RELEASE.] Notwithstanding any other law or rule, an arresting officer may not issue a citation in lieu of arrest and detention to an individual charged with *harassment or charged with* assaulting the individual's spouse or other individual with whom the charged person resides.

Notwithstanding any other law or rule, an individual who is arrested on a charge of *harassing any person or of* assaulting the individual's spouse or other person with whom the individual resides must be brought to the police station or county jail. The officer in charge of the police station or the county sheriff in charge of the jail shall issue a citation in lieu of continued detention unless it reasonably appears to the officer or sheriff that detention is necessary to prevent bodily harm to the arrested person or another, or there is a substantial likelihood the arrested person will fail to respond to a citation.

If the arrested person is not issued a citation by the officer in charge of the police station or the county sheriff, the arrested person must be brought before the nearest available judge of the ~~county~~ *district* court ~~or county municipal court~~ in the county in which the alleged *harassment or* assault took place without unnecessary delay as provided by court rule.

Subd. 2. [JUDICIAL REVIEW; RELEASE; BAIL.] (a) The judge before whom the arrested person is brought shall review the facts surrounding the arrest and detention. The arrested person must be ordered released pending trial or hearing on the person's personal recognizance or on an order to appear or upon the execution of an unsecured bond in a specified amount unless the judge determines that release (1) will be inimical to public safety, (2) will create a threat of bodily harm to the arrested person, the victim of the alleged *harassment or* assault, or another, or (3) will not reasonably assure the appearance of the arrested person at subsequent proceedings.

(b) If the judge determines release is not advisable, the judge may impose any conditions of release that will reasonably assure the appearance of the person for subsequent proceedings, or will protect the victim of the alleged *harassment or* assault, or may fix the amount of money bail without other conditions upon which the arrested person may obtain release. If conditions of release are imposed, the judge shall issue a written order for conditional release. The court administrator shall immediately distribute a copy of the order for conditional release to the agency having custody of the arrested person and shall provide the agency having custody of the arrested person with any available information on the location of the victim in a manner that protects the victim's safety. Either the court or its designee or the agency having custody of the arrested person shall serve upon the defendant a copy of the order. Failure to serve the arrested person with a copy of the order for conditional release does not invalidate the conditions of release.

(c) If the judge imposes as a condition of release a requirement that the person have no contact with the victim of the alleged *harassment or* assault, the judge may also, on its own motion or that of the prosecutor or on request of the victim, issue an ex parte temporary *restraining order under section 609.748, subdivision 4, or an ex parte temporary* order for protection under section 518B.01, subdivision 7. Notwithstanding section 518B.01, subdivision 7, paragraph (b), *or 609.748, subdivision 4, paragraph (c),* the temporary order is effective until the defendant is convicted or acquitted, or the charge is dismissed, provided that upon request the defendant is entitled to a full hearing on the *restraining order under section 609.748, subdivision*

5, or on the order for protection under section 518B.01. The hearing must be held within seven days of the defendant's request.

Subd. 2a. [ELECTRONIC MONITORING AS A CONDITION OF PRETRIAL RELEASE.] (a) Until the commissioner of corrections has adopted standards governing electronic monitoring devices used to protect victims of domestic abuse, the court, as a condition of release, may not order a person arrested for a crime described in section 609.135, subdivision 5a, paragraph (b), to use an electronic monitoring device to protect a victim's safety.

(b) Notwithstanding paragraph (a), district courts in the tenth judicial district may order, as a condition of a release, a person arrested on a charge of a crime described in section 609.135, subdivision 5a, paragraph (b), to use an electronic monitoring device to protect the victim's safety. The courts shall make data on the use of electronic monitoring devices to protect a victim's safety in the tenth judicial district available to the commissioner of corrections to evaluate and to aid in development of standards for the use of devices to protect victims of domestic abuse.

Subd. 3. [RELEASE.] If the arrested person is not issued a citation by the officer in charge of the police station or the county sheriff pursuant to subdivision 1, and is not brought before a judge within the time limits prescribed by court rule, the arrested person ~~must~~ *shall* be released by the arresting authorities, and a citation must be issued in lieu of continued detention.

Subd. 4. [SERVICE OF *RESTRAINING ORDER OR* ORDER FOR PROTECTION.] If *a restraining order is issued under section 609.748 or* an order for protection is issued under section 518B.01 while the arrested person is still in detention, the order must be served upon the arrested person during detention if possible.

Subd. 5. [VIOLATIONS OF CONDITIONS OF RELEASE.] The judge who released the arrested person shall issue a warrant directing that the person be arrested and taken immediately before the judge, if *the judge*:

(1) ~~the judge~~ receives an application alleging that the arrested person has violated the conditions of release; and

(2) ~~the judge~~ finds that probable cause exists to believe that the conditions of release have been violated.

Subd. 6. [NOTICE TO VICTIM REGARDING RELEASE OF ARRESTED PERSON.] (a) Immediately after ~~the~~ issuance of a citation in lieu of continued detention under subdivision 1, or the entry of an order for release under subdivision 2, but before the arrested person is released, the agency having custody of the arrested person or its designee must make a reasonable and good faith effort to inform orally the alleged victim of:

(1) the conditions of release, if any;

(2) the time of release;

(3) the time, date, and place of the next scheduled court appearance of the arrested person and the victim's right to be present at the court appearance; and

(4) *if the arrested person is charged with domestic assault,* the location and

telephone number of the area battered women's shelter as designated by the department of corrections.

(b) As soon as practicable after an order for conditional release is entered, the agency having custody of the arrested person or its designee must personally deliver or mail to the alleged victim a copy of the written order and written notice of the information in clauses (2) and (3).

Sec. 32. [TRAINING FOR PROSECUTORS.]

By December 31, 1993, the county attorneys association, in conjunction with the attorney general's office, shall prepare and conduct a training course for county attorneys and city attorneys to familiarize them with this act and provide other information regarding the prosecution of harassment and stalking offenses. The course may be combined with other training conducted by the county attorneys association or other groups.

Sec. 33. [SEVERABILITY.]

It is the intent of the legislature that the provisions of this article shall be severable as provided in Minnesota Statutes, section 645.20.

Sec. 34. [REPEALER.]

Minnesota Statutes 1992, sections 609.02, subdivisions 12 and 13; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; and 609.795, subdivision 2, are repealed.

Sec. 35. [EFFECTIVE DATE.]

Sections 1, 2, 4 to 26, 28, 29, 31, 33, and 34 are effective June 1, 1993, and apply to crimes committed on or after that date. Sections 3, 27, and 32 are effective the day following final enactment. Section 30 is effective retroactive to July 1, 1992.

ARTICLE 3

CONTROLLED SUBSTANCES

Section 1. Minnesota Statutes 1992, section 152.022, subdivision 1, is amended to read:

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

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of three grams or more containing cocaine;

(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 other than cocaine;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 25 kilograms or more containing marijuana or Tetrahydrocannabinols;

(5) the person unlawfully sells any amount of a schedule I or II narcotic drug to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or

(6) the person unlawfully sells any of the following in a school zone, a park zone, or a public housing zone:

(i) any amount of a schedule I or II narcotic drug, *or lysergic acid diethylamide (LSD)*;

(ii) one or more mixtures containing methamphetamine or amphetamine; or

(iii) one or more mixtures of a total weight of five kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 2. Minnesota Statutes 1992, section 152.023, subdivision 2, is amended to read:

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

(1) the person unlawfully possesses one or more mixtures of a total weight of three grams or more containing cocaine;

(2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug other than cocaine;

(3) 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;

(4) the person unlawfully possesses any amount of a schedule I or II narcotic drug *or five or more dosage units of lysergic acid diethylamide (LSD)* in a school zone, a park zone, or a public housing zone;

(5) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols; or

(6) the person unlawfully possesses one or more mixtures containing methamphetamine or amphetamine in a school zone, a park zone, or a public housing zone.

Sec. 3. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 1a. [AUTHORIZED AGENT.] *An "authorized agent" is an individual representing a business who is responsible for the disbursement or custody of precursor substances.*

Sec. 4. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 2a. [PURCHASER.] *A "purchaser" is a manufacturer, wholesaler, retailer, or any other person in this state who receives or seeks to receive a precursor substance.*

Sec. 5. Minnesota Statutes 1992, section 152.0971, is amended by adding a subdivision to read:

Subd. 2b. [RECEIVE.] *"Receive" means to purchase, receive, collect, or otherwise obtain a precursor substance from a supplier.*

Sec. 6. Minnesota Statutes 1992, section 152.0971, subdivision 3, is amended to read:

Subd. 3. [SUPPLIER.] A "supplier" is a manufacturer, wholesaler, retailer, or any other person in this *or any other* state who furnishes a precursor substance to another person in this state.

Sec. 7. Minnesota Statutes 1992, section 152.0972, subdivision 1, is amended to read:

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) *hydriodic acid;*

(9) ethyl malonate;

~~(9)~~ *(10)* barbituric acid;

~~(10)~~ *(11)* piperidine;

~~(11)~~ *(12)* n-acetylanthranilic acid;

~~(12)~~ *(13)* pyrrolidine;

~~(13)~~ *(14)* phenylacetic acid;

~~(14)~~ *(15)* 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-methylpseudoephedrine;

(30) chloroephedrine;

(31) chloropseudoephedrine; and

(32) any substance added to this list by rule adopted by the state board of pharmacy.

Sec. 8. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 1a. [REPORT OF PRECURSOR SUBSTANCES RECEIVED FROM OUT OF STATE.] *A purchaser of a precursor substance from outside of Minnesota shall, not less than 21 days before taking possession of the substance, submit to the bureau of criminal apprehension a report of the transaction that includes the identification information specified in subdivision 3.*

Sec. 9. Minnesota Statutes 1992, section 152.0973, subdivision 2, is amended to read:

Subd. 2. [REGULAR REPORTS.] The bureau may authorize a *purchaser or* 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.

Sec. 10. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 2a. [REPORT OF MISSING PRECURSOR SUBSTANCE.] *A supplier or purchaser who discovers a discrepancy between the quantity of precursor substance shipped and the quantity of precursor substance received shall report the discrepancy to the bureau of criminal apprehension within three days of knowledge of the discrepancy. The report must include:*

(1) the complete name and address of the purchaser;

(2) the type of precursor substance missing;

(3) whether the precursor substance is missing due to theft, loss, or shipping discrepancy;

(4) the method of delivery used;

(5) the name of the common carrier or person who transported the substance; and

(6) the date of shipment.

Sec. 11. Minnesota Statutes 1992, section 152.0973, subdivision 3, is amended to read:

Subd. 3. [PROPER IDENTIFICATION.] A report submitted by a supplier *or purchaser* under this section must include:

(1) ~~a~~ *the purchaser's* driver's license *number* or state identification ~~card that contains a photograph of the purchaser and includes the~~ *number and* residential or mailing address ~~of the purchaser,~~ other than a post office box number *taken from the purchaser's driver's license or state identification card, if the purchaser is not an authorized agent*;

(2) the motor vehicle license number of ~~any~~ *the* motor vehicle ~~owned or~~ operated by the purchaser *at the time of sale, if the purchaser is not an authorized agent*;

(3) *a complete description of how the precursor substance will be used, if the purchaser is not an authorized agent;*

(4) a letter of authorization from the business for which the precursor substance is being furnished, including the ~~business license~~ *state tax identification* number and address of the business, a full description of how the precursor substance is to be used, and the signature of the *authorized agent for the* purchaser;

~~(4)~~ *(5)* the signature of the supplier as a witness to the signature and identification of the purchaser;

~~(5)~~ *(6)* the type and quantity of the precursor substance; ~~and~~

~~(6)~~ *(7)* the method of delivery used*; and*

(8) the complete name and address of the supplier.

Sec. 12. Minnesota Statutes 1992, section 152.0973, subdivision 4, is amended to read:

Subd. 4. [RETENTION OF RECORDS.] A supplier shall retain a copy of ~~the report~~ *reports* filed under ~~this section~~ *subdivisions 1, 2, and 2a* for five years. *A purchaser shall retain a copy of reports filed under subdivisions 1a and 2a for five years.*

Sec. 13. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 5. [INSPECTIONS.] *All records relating to sections 152.0971 to 152.0974 shall be open to inspection by the bureau of criminal apprehension during regular business hours.*

Sec. 14. Minnesota Statutes 1992, section 152.0973, is amended by adding a subdivision to read:

Subd. 6. [PENALTIES.] *(a) A person who does not submit a report as required by this section is guilty of a misdemeanor.*

(b) A person who knowingly submits a report required by this section with false or fictitious information is guilty of a gross misdemeanor.

(c) A person who is convicted a second or subsequent time of violating paragraph (a) is guilty of a gross misdemeanor if the subsequent offense occurred after the earlier conviction.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 13 are effective August 1, 1993. Section 14 is effective August 1, 1993, and applies to crimes committed on or after that date.

ARTICLE 4

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 144.765, is amended to read:

144.765 [PATIENT'S RIGHT TO REFUSE TESTING.]

Upon notification of a significant exposure, the facility shall ask the patient to consent to blood testing to determine the presence of the HIV virus or the hepatitis B virus. The patient shall be informed that the test results without personally identifying information will be reported to the emergency medical services personnel. The patient shall be informed of the right to refuse to be tested. If the patient refuses to be tested, the patient's refusal will be forwarded to the emergency medical services agency and to the emergency medical services personnel. The right to refuse a blood test under the circumstances described in this section does not apply to a prisoner who is in the custody or under the jurisdiction of the commissioner of corrections *or a local correctional authority as a result of a criminal conviction.*

Sec. 2. Minnesota Statutes 1992, section 169.222, subdivision 6, is amended to read:

Subd. 6. [BICYCLE EQUIPMENT.] (a) No person shall operate a bicycle at nighttime unless the bicycle or its operator is equipped with a lamp which shall emit a white light visible from a distance of at least 500 feet to the front and with a red reflector of a type approved by the department of public safety which is visible from all distances from 100 feet to 600 feet to the rear when directly in front of lawful lower beams of head lamps on a motor vehicle. No person may operate a bicycle at any time when there is not sufficient light to render persons and vehicles on the highway clearly discernible at a distance of 500 feet ahead unless the bicycle or its operator is equipped with reflective surfaces that shall be visible during the hours of darkness from 600 feet when viewed in front of lawful lower beams of head lamps on a motor vehicle.

The reflective surfaces shall include reflective materials on each side of each pedal to indicate their presence from the front or the rear and with a minimum of 20 square inches of reflective material on each side of the bicycle or its operator. Any bicycle equipped with side reflectors as required by regulations for new bicycles prescribed by the United States Consumer Product Safety Commission shall be considered to meet the requirements for side reflectorization contained in this subdivision.

A bicycle may be equipped with a rear lamp that emits a red flashing signal.

(b) No person shall operate a bicycle unless it is equipped with a brake

which will enable the operator to make the braked wheels skid on dry, level, clean pavement.

(c) No person shall operate upon a highway any bicycle equipped with handlebars so raised that the operator must elevate the hands above the level of the shoulders in order to grasp the normal steering grip area.

(d) No person shall operate upon a highway any bicycle which is of such a size as to prevent the operator from stopping the bicycle, supporting it with at least one foot on the highway surface and restarting in a safe manner.

Sec. 3. Minnesota Statutes 1992, section 169.64, subdivision 3, is amended to read:

Subd. 3. [FLASHING LIGHTS.] Flashing lights are prohibited, except on an authorized emergency vehicle, school bus, *bicycle as provided in section 169.222, subdivision 6,* road maintenance equipment, tow truck or towing vehicle, service vehicle, farm tractors, self-propelled farm equipment or on any vehicle as a means of indicating a right or left turn, or the presence of a vehicular traffic hazard requiring unusual care in approaching, overtaking or passing. All flashing warning lights shall be of the type authorized by section 169.59, subdivision 4, unless otherwise permitted or required in this chapter.

Sec. 4. [174.295] [ELIGIBILITY CERTIFICATION; PENALTY FOR FRAUDULENT STATEMENTS.]

Subdivision 1. [NOTICE.] *A provider of special transportation service, as defined in section 174.29, receiving financial assistance under section 174.24, shall include on the application form for special transportation service, and on the eligibility certification form if different from the application form, a notice of the penalty for fraudulent certification under subdivision 4.*

Subd. 2. [CERTIFIER STATEMENT.] *A provider shall include on the application or eligibility certification form a place for the person certifying the applicant as eligible for special transportation service to sign, and the person certifying the applicant shall sign, stating that the certifier understands the penalty for fraudulent certification and that the certifier believes the applicant to be eligible.*

Subd. 3. [APPLICANT STATEMENT.] *A provider shall include on the application form a place for the applicant to sign, and the applicant shall sign, stating that the applicant understands the penalty for fraudulent certification and that the information on the application is true.*

Subd. 4. [PENALTY.] *A person is guilty of a misdemeanor if:*

(1) the person fraudulently certifies to the special transportation service provider that the applicant is eligible for special transportation service; or

(2) the person obtains certification for special transportation service by misrepresentation or fraud.

Sec. 5. Minnesota Statutes 1992, section 244.05, subdivision 4, is amended to read:

Subd. 4. [MINIMUM IMPRISONMENT, LIFE SENTENCE.] An inmate serving a mandatory life sentence under section 609.184 must not be given supervised release under this section. An inmate serving a mandatory life

sentence under section 609.185, clause (1), (3), ~~(4),~~ (5), or (6); or 609.346, subdivision 2a, must not be given supervised release under this section without having served a minimum term of 30 years. An inmate serving a mandatory life sentence under section 609.385 must not be given supervised release under this section without having served a minimum term of imprisonment of 17 years.

Sec. 6. Minnesota Statutes 1992, section 244.05, subdivision 5, is amended to read:

Subd. 5. [SUPERVISED RELEASE, LIFE SENTENCE.] The commissioner of corrections may, under rules promulgated by the commissioner, give supervised release to an inmate serving a mandatory life sentence under section 609.185, clause (1), (3), ~~(4),~~ (5), or (6); 609.346, subdivision 2a; or 609.385 after the inmate has served the minimum term of imprisonment specified in subdivision 4.

Sec. 7. Minnesota Statutes 1992, section 289A.63, is amended by adding a subdivision to read:

Subd. 11. [CONSOLIDATION OF VENUE.] *If two or more offenses in this section are committed by the same person in more than one county, the accused may be prosecuted for all the offenses in any county in which one of the offenses was committed.*

Sec. 8. Minnesota Statutes 1992, section 297B.10, is amended to read:

297B.10 [PENALTIES.]

(1) Any person, including persons other than the purchaser, who prepares, completes, or submits a false or fraudulent motor vehicle purchaser's certificate with intent to defeat or evade the tax imposed under this chapter or any purchaser who fails to complete or submit a motor vehicle purchaser's certificate with intent to defeat or evade the tax or who attempts to defeat or evade the tax in any manner, is guilty of a gross misdemeanor unless the tax involved exceeds $300, in which event the person is guilty of a felony. 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 with respect to which the violation occurs. Notwithstanding the provisions of section 628.26 or any other provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this section, in the proper court within six years after the commission of the offense.

(2) Any person who violates any of the provisions of this chapter, unless the violation be of the type referred to in clause (1), is guilty of a misdemeanor ~~and shall be punished by a fine of not less than $50 nor more than $100 or by imprisonment in the county jail for not less than 30 days, or both~~.

(3) When two or more offenses in clause (1) are committed by the same person within six months, the offenses may be aggregated; further, if the offenses are committed in more than one county, the accused may be prosecuted for all the offenses aggregated under this paragraph in any county in which one of the offenses was committed.

Sec. 9. Minnesota Statutes 1992, section 307.08, subdivision 2, is amended to read:

Subd. 2. A person who intentionally, willfully, and knowingly destroys, mutilates, injures, *disturbs,* or removes human skeletal remains or human ~~burials~~ *burial grounds,* is guilty of a felony. A person who intentionally, willfully, or knowingly removes any tombstone, monument, or structure placed in any public or private cemetery or unmarked human burial ground, or any fence, railing, or other work erected for protection or ornament, or any tree, shrub, or plant or grave goods and artifacts within the limits of the cemetery or burial ground, and a person who, without authority from the trustees, state archaeologist, or Indian affairs intertribal board, discharges any firearms upon or over the grounds of any public or private cemetery or authenticated and identified Indian burial ground, is guilty of a gross misdemeanor.

Sec. 10. Minnesota Statutes 1992, section 343.21, subdivision 9, is amended to read:

Subd. 9. [PENALTY.] A person who fails to comply with any provision of this section is guilty of a misdemeanor. *A person convicted of a second or subsequent violation of subdivision 1 or 7 within five years of a previous violation of subdivision 1 or 7 is guilty of a gross misdemeanor.*

Sec. 11. Minnesota Statutes 1992, section 343.21, subdivision 10, is amended to read:

Subd. 10. [RESTRICTIONS.] If a person is convicted of violating this section, the court ~~may~~ *shall* require that pet or companion animals, as defined in section 346.36, subdivision 6, that have not been seized by a peace officer or agent and are in the custody of the person must be turned over to a peace officer or other appropriate officer or agent ~~if~~ *unless* the court determines that the person is ~~unable or unfit~~ *able and fit* to provide adequately for an animal. If the evidence indicates lack of proper and reasonable care of an animal, the burden is on the person to affirmatively demonstrate by clear and convincing evidence that the person is able and fit to have custody of and provide adequately for an animal. The court may limit the person's further possession or custody of pet or companion animals, and may impose other conditions the court considers appropriate, including, but not limited to:

(1) imposing a probation period during which the person may not have ownership, custody, or control of a pet or companion animal;

(2) requiring periodic visits of the person by an animal control officer or agent appointed pursuant to section 343.01, subdivision 1;

(3) requiring performance by the person of community service in a humane facility; and

(4) requiring the person to receive behavioral counseling.

Sec. 12. Minnesota Statutes 1992, section 473.386, is amended by adding a subdivision to read:

Subd. 2a. [ELIGIBILITY CERTIFICATION.] *The board shall include the notice of penalty for fraudulent certification, and require the person certifying the applicant to sign the eligibility certification form and the applicant to sign the application form, as provided in section 174.295.*

Sec. 13. Minnesota Statutes 1992, section 609.035, is amended to read:

609.035 [CRIME PUNISHABLE UNDER DIFFERENT PROVISIONS.]

Except as provided in sections 609.251, 609.585, 609.21, subdivisions 3 and 4, 609.2691, *609.486, 609.494,* and 609.856, if a person's conduct constitutes more than one offense under the laws of this state, the person may be punished for only one of the offenses and a conviction or acquittal of any one of them is a bar to prosecution for any other of them. All the offenses, if prosecuted, shall be included in one prosecution which shall be stated in separate counts.

Sec. 14. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law, *unless the fine is set at a lower amount on a uniform fine schedule established by the conference of chief judges in consultation with affected state and local agencies. This schedule shall be promulgated and reported to the legislature not later than January 1 of each year and shall become effective on August 1 of that year unless the legislature, by law, provides otherwise.*

The court may not waive payment of the minimum fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

Sec. 15. Minnesota Statutes 1992, section 609.184, subdivision 2, is amended to read:

Subd. 2. [LIFE WITHOUT RELEASE.] The court shall sentence a person to life imprisonment without possibility of release under the following circumstances:

(1) the person is convicted of first degree murder under section 609.185, clause (2) *or (4)*; or

(2) the person is convicted of first degree murder under section 609.185, clause (1), (3), ~~(4),~~ (5), or (6), and the court determines on the record at the time of sentencing that the person has one or more previous convictions for a heinous crime.

Sec. 16. Minnesota Statutes 1992, section 609.251, is amended to read:

609.251 [DOUBLE JEOPARDY; KIDNAPPING.]

Notwithstanding section 609.04, a prosecution for or conviction of the

crime of kidnapping is not a bar to conviction of *or punishment for* any other crime committed during the time of the kidnapping.

Sec. 17. Minnesota Statutes 1992, section 609.341, subdivision 10, is amended to read:

Subd. 10. "Position of authority" includes but is not limited to any person who is a parent or acting in the place of a parent and charged with any of a parent's rights, duties or responsibilities to a child, or a person who is charged with any duty or responsibility for the health, welfare, or supervision of a child, either independently or through another, no matter how brief, at the time of the act. *For the purposes of subdivision 11, "position of authority" includes a psychotherapist.*

Sec. 18. Minnesota Statutes 1992, section 609.341, subdivision 17, is amended to read:

Subd. 17. "Psychotherapist" means a *person who is or purports to be a* physician, psychologist, nurse, chemical dependency counselor, social worker, ~~clergy,~~ marriage and family ~~therapist~~ *counselor, or other* mental health service provider~~,~~*;* or *any* other person, whether or not licensed by the state, who performs or purports to perform psychotherapy.

Sec. 19. Minnesota Statutes 1992, section 609.341, subdivision 19, is amended to read:

Subd. 19. "Emotionally dependent" means that the nature of the ~~patient's or~~ former patient's emotional condition and the nature of the treatment provided by the psychotherapist are such that the psychotherapist knows or has reason to know that the ~~patient or~~ former patient is unable to withhold consent to sexual contact or sexual penetration by the psychotherapist.

Sec. 20. Minnesota Statutes 1992, section 609.344, subdivision 1, is amended to read:

Subdivision 1. [CRIME DEFINED.] A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor believes the complainant to be 16 years of age or older. If the actor in such a case is no more than 48 months but more than 24 months older than the complainant, the actor may be sentenced to imprisonment for not more than five years. Consent by the complainant is not a defense;

(c) the actor uses force or coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of

authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:

(i) during the psychotherapy session; *or*

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a ~~patient or~~ former patient of the psychotherapist and the ~~patient or~~ former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense; ~~or~~

(k) the actor accomplishes the sexual penetration by means of *deception or* false representation that the penetration is for a bona fide medical purpose ~~by a health care professional~~. Consent by the complainant is not a defense; *or*

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private.

Consent by the complainant is not a defense.

Sec. 21. Minnesota Statutes 1992, section 609.345, subdivision 1, is amended to read:

Subdivision 1. [CRIME DEFINED.] A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a position of authority over the complainant and uses this authority to cause the complainant to submit. In any such case, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor believes the complainant to be 16 years of age or older;

(c) the actor uses force or coercion to accomplish the sexual contact;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant, and uses this authority to cause the complainant to submit. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred:

(i) during the psychotherapy session*; or*

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a ~~patient or~~ former patient of the psychotherapist and the ~~patient or~~ former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense; ~~or~~

(k) the actor accomplishes the sexual contact by means of *deception or* false representation that the contact is for a bona fide medical purpose ~~by a health care professional~~. Consent by the complainant is not a defense*; or*

(1) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private.

Consent by the complainant is not a defense.

Sec. 22. Minnesota Statutes 1992, section 609.378, subdivision 1, is amended to read:

Subdivision 1. [PERSONS GUILTY OF NEGLECT OR ENDANGERMENT.] ~~The following people are guilty of neglect or endangerment 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.~~

(a) [NEGLECT.] (1) A parent, legal guardian, or caretaker who willfully deprives a child of necessary food, clothing, shelter, health care, or supervision appropriate to the child's age, when the parent, guardian, or caretaker is reasonably able to make the necessary provisions and the deprivation ~~substantially~~ harms or is likely to substantially harm the child's physical, *mental,* or emotional health is guilty of neglect 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 deprivation results in substantial harm to the child's physical, mental, or emotional health, the 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 a parent, guardian, or caretaker 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, this treatment or care is "health care," for purposes of this clause.

(2) A parent, legal guardian, or caretaker who knowingly permits the continuing physical or sexual abuse of a child is guilty of neglect 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.*

(b) [ENDANGERMENT.] A parent, legal guardian, or caretaker who endangers the child's person or health by:

(1) intentionally *or recklessly* causing or permitting a child to be placed in a situation likely to substantially harm the child's physical ~~or~~, mental, *or emotional* health or cause the child's death; or

(2) knowingly causing or permitting the child to be present where any person is selling or possessing a controlled substance, as defined in section 152.01, subdivision 4, in violation of section 152.021, 152.022, 152.023, or

152.024; is guilty of child endangerment *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 endangerment results in substantial harm to the child's physical, mental, or emotional health, the 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.

This paragraph does not prevent a parent, legal guardian, or caretaker from causing or permitting a child to engage in activities that are appropriate to the child's age, stage of development, and experience, or from selecting health care as defined in subdivision 1, paragraph (a).

(c) [ENDANGERMENT BY FIREARM ACCESS.] *A person who intentionally or recklessly causes a child under 14 years of age to be placed in a situation likely to substantially harm the child's physical health or cause the child's death as a result of the child's access to a loaded firearm is guilty of child endangerment 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 endangerment results in substantial harm to the child's physical health, the 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.

Sec. 23. [609.493] [SOLICITATION OF MENTALLY IMPAIRED PERSONS.]

Subdivision 1. [CRIME.] *A person is guilty of a crime and may be sentenced as provided in subdivision 2 if the person solicits a mentally impaired person to commit a criminal act.*

Subd. 2. [SENTENCE.] *(a) A person who violates subdivision 1 is guilty of a misdemeanor if the intended criminal act is a misdemeanor, and is guilty of a gross misdemeanor if the intended criminal act is a gross misdemeanor.*

(b) A person who violates subdivision 1 is guilty of a felony if the intended criminal act is a felony, and may be sentenced to imprisonment for not more than one-half the statutory maximum term for the intended criminal act or to payment of a fine of not more than one-half the maximum fine for the intended criminal act, or both.

Subd. 3. [DEFINITIONS.] *As used in this section:*

(1) "mentally impaired person" means a person who, as a result of inadequately developed or impaired intelligence or a substantial psychiatric disorder of thought or mood, lacks the judgment to give a reasoned consent to commit the criminal act; and

(2) "solicit" means commanding, entreating, or attempting to persuade a specific person.

Sec. 24. Minnesota Statutes 1992, section 609.494, is amended to read:

609.494 [SOLICITATION OF JUVENILES.]

Subdivision 1. [CRIME.] A person is guilty of a crime and may be sentenced as provided in subdivision 2 if the person *is an adult and* solicits *or conspires with* a minor to commit a ~~criminal~~ *crime or delinquent* act *or is an accomplice to a minor in the commission of a crime or delinquent act.*

Subd. 2. [SENTENCE.] (a) A person who violates subdivision 1 is guilty of a misdemeanor if the intended criminal act is a misdemeanor *or would be a misdemeanor if committed by an adult*, and is guilty of a gross misdemeanor if the intended criminal act is a gross misdemeanor *or would be a gross misdemeanor if committed by an adult*.

(b) A person who violates subdivision 1 is guilty of a felony if the intended criminal act is a felony *or would be a felony if committed by an adult*, and may be sentenced to imprisonment for not more than one-half the statutory maximum term for the intended criminal act or to payment of a fine of not more than one-half the maximum fine for the intended criminal act, or both.

Subd. 3. [MULTIPLE SENTENCES.] *Notwithstanding section 609.04, a prosecution for or conviction under this section is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.*

Subd. 4. [CONSECUTIVE SENTENCES.] *Notwithstanding any provision of the sentencing guidelines, the court may provide that a sentence imposed for a violation of this section shall run consecutively to any sentence imposed for the intended criminal act. A decision by the court to impose consecutive sentences under this subdivision is not a departure from the sentencing guidelines.*

Subd. 5. [DEFINITION.] *"Solicit" means commanding, entreating, or attempting to persuade a specific person.*

Sec. 25. Minnesota Statutes 1992, section 609.495, is amended to read:

609.495 [AIDING AN OFFENDER ~~TO AVOID~~ ~~ARREST~~.]

Subdivision 1. Whoever harbors, conceals, or aids another known by the actor to have committed a felony under the laws of this or another state or of the United States with intent that such offender shall avoid or escape from arrest, trial, conviction, or punishment, may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $5,000, or both.

Subd. 2. This section does not apply if the actor at the time of harboring, concealing, or aiding *an offender in violation of subdivision 1, or aiding an offender in violation of subdivision 3*, is related to the offender as spouse, parent, or child.

Subd. 3. Whoever intentionally aids another person known by the actor to have committed a criminal act, by destroying or concealing evidence of that crime, providing false or misleading information about that crime, receiving the proceeds of that crime, or otherwise obstructing the investigation or prosecution of that crime is an accomplice after the fact and may be sentenced to not more than one-half of the statutory maximum sentence of imprisonment or to payment of a fine of not more than one-half of the maximum fine that could be imposed on the principal offender for the crime of violence. For purposes of this subdivision, "criminal act" means an act that is a crime listed in section 609.11, subdivision 9, under the laws of this or another state, or of the United States, and also includes an act that would be a criminal act if committed by an adult.

Sec. 26. Minnesota Statutes 1992, section 609.505, is amended to read:

609.505 [FALSELY REPORTING CRIME.]

Whoever informs a law enforcement officer that a crime has been committed, knowing that it is false and intending that the officer shall act in reliance upon it, is guilty of a misdemeanor. *A person who is convicted a second or subsequent time under this section is guilty of a gross misdemeanor.*

Sec. 27. Minnesota Statutes 1992, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5317, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a weapon used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891*; or any violation of section 609.324.*

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 28. Minnesota Statutes 1992, section 609.531, subdivision 5a, is amended to read:

Subd. 5a. [BOND BY OWNER FOR POSSESSION.] *(a)* If the owner of property that has been seized under sections 609.531 to 609.5317 seeks possession of the property before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail

value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property.

(b) If the owner of a motor vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may surrender the vehicle's certificate of title in exchange for the vehicle. The motor vehicle must be returned to the owner within 24 hours if the owner surrenders the motor vehicle's certificate of title to the appropriate agency, pending resolution of the forfeiture action. If the certificate is surrendered, the owner may not be ordered to post security or bond as a condition of release of the vehicle. When a certificate of title is surrendered under this provision, the agency shall notify the department of public safety and any secured party noted on the certificate. The agency shall also notify the department and the secured party when it returns a surrendered title to the motor vehicle owner.

Sec. 29. Minnesota Statutes 1992, section 609.5312, is amended by adding a subdivision to read:

Subd. 3. [VEHICLE FORFEITURE FOR PROSTITUTION OFFENSES.] *(a) A motor vehicle is subject to forfeiture under this subdivision if it was used to commit or facilitate, or used during the commission of, a violation of section 609.324 or a violation of a local ordinance substantially similar to section 609.324. A motor vehicle is subject to forfeiture under this subdivision only if the offense is established by proof of a criminal conviction for the offense. Except as otherwise provided in this subdivision, a forfeiture under this subdivision is governed by sections 609.531, 609.5312, and 609.5313.*

(b) When a motor vehicle subject to forfeiture under this subdivision is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The prosecuting authority shall certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.324 or a local ordinance substantially similar to section 609.324. After conducting the hearing, the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by paragraph (b);

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(d) If the defendant is acquitted or prostitution charges against the defendant are dismissed, neither the owner nor the defendant is responsible for paying any costs associated with the seizure or storage of the vehicle.

(e) A vehicle leased or rented under section 168.27, subdivision 4, for a period of 180 days or less is not subject to forfeiture under this subdivision.

Sec. 30. Minnesota Statutes 1992, section 609.5315, is amended by adding a subdivision to read:

Subd. 5a. [DISPOSITION OF CERTAIN FORFEITED PROCEEDS; PROSTITUTION.] *The proceeds from the sale of motor vehicles forfeited under section 609.5312, subdivision 3, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the vehicle, shall be distributed as follows:*

(1) 40 percent of the proceeds must be forwarded to the appropriate agency for deposit as a supplement to the agency's operating fund or similar fund for use in law enforcement;

(2) 20 percent of the proceeds must be forwarded to the city attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes; and

(3) the remaining 40 percent of the proceeds must be forwarded to the city treasury for distribution to neighborhood crime prevention programs.

Sec. 31. Minnesota Statutes 1992, section 609.585, is amended to read:

609.585 [DOUBLE JEOPARDY.]

Notwithstanding section 609.04, a prosecution for or conviction of the crime of burglary is not a bar to conviction of *or punishment for* any other crime committed on entering or while in the building entered.

Sec. 32. Minnesota Statutes 1992, section 609.605, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR.] (a) The following terms have the meanings given them for purposes of this section.

(i) "Premises" means real property and any appurtenant building or structure.

(ii) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8.

(iii) "Construction site" means the site of the construction, alteration, painting, or repair of a building or structure.

(iv) "Owner or lawful possessor," as used in clause (8), means the person on whose behalf a building or dwelling is being constructed, altered, painted, or repaired and the general contractor or subcontractor engaged in that work.

(v) "Posted," as used in clause (8), means the placement of a sign at least 11 inches square in a conspicuous place on the exterior of the building that is under construction, alteration, or repair, and additional signs in at least two conspicuous places for each ten acres being protected. The sign must carry an appropriate notice and the name of the person giving the notice, followed by the word "owner" if the person giving the notice is the holder of legal title to the land on which the construction site is located or by the word "occupant" if the person giving the notice is not the holder of legal title but is a lawful occupant of the land.

(vi) "Business licensee," as used in paragraph (b), clause (8), includes a representative of a building trades labor or management organization.

(vii) "Building" has the meaning given in section 609.581, subdivision 2.

(b) A person is guilty of a misdemeanor if the person intentionally:

(1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;

(2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;

(3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;

(4) occupies or enters the dwelling *or locked or posted building* of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;

(5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;

(6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public; ~~or~~

(7) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent;

(8) returns to the property of another within 30 days after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent; or

(9) enters the locked or posted construction site of another without the consent of the owner or lawful possessor, unless the person is a business licensee.

Sec. 33. Minnesota Statutes 1992, section 609.71, is amended to read:

609.71 [RIOT.]

Subdivision 1. [RIOT FIRST DEGREE.] *When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property and a death results, and one of the persons is armed with a dangerous weapon, that person is guilty of riot first degree and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $35,000, or both.*

Subd. 2. [RIOT SECOND DEGREE.] *When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property, each participant who is armed with a dangerous weapon or knows that any other participant is armed with a dangerous weapon is guilty of riot second degree and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.*

Subd. 3. [RIOT THIRD DEGREE.] When three or more persons assembled disturb the public peace by an intentional act or threat of unlawful force or violence to person or property, each participant therein is guilty of riot *third degree* and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than $1,000, or both~~, or, if the offender, or to the offender's knowledge any other participant, is armed with a dangerous weapon or is disguised, to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both~~.

Sec. 34. Minnesota Statutes 1992, 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. *As used in this subdivision, "crime of violence" has the meaning given "violent crime" in section 609.152, subdivision 1, paragraph (d).*

Sec. 35. Minnesota Statutes 1992, section 609.856, subdivision 1, is amended to read:

Subdivision 1. [ACTS CONSTITUTING.] Whoever has in possession or uses a radio or device capable of receiving or transmitting a police radio signal, message, or transmission of information used for law enforcement purposes, while in the commission of a felony or violation of section 609.487 or the attempt to commit a felony or violation of section 609.487, is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than $5,000, or both. *Notwithstanding section 609.04,* a prosecution for or conviction ~~of the crime of use or possession of a police radio~~ *under this section* is not a bar to conviction *of or punishment* for any other crime committed ~~while possessing or using the police radio~~ *by the defendant as part of the same conduct.*

Sec. 36. Minnesota Statutes 1992, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within three years after the offense was reported to law enforcement authorities.

(d) Indictments or complaints for violation of sections 609.342 to 609.344 if the victim was 18 years old or older at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(f) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense; ~~but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section~~.

(i) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

Sec. 37. Minnesota Statutes 1992, section 641.14, is amended to read:

641.14 [JAILS; SEPARATION OF PRISONERS.]

The sheriff of each county is responsible for the operation and condition of the jail. If construction of the jail permits, the sheriff shall maintain strict separation of prisoners to the extent that separation is consistent with prisoners' security, safety, health, and welfare. The sheriff shall not keep in the same room or section of the jail:

(1) a minor under 18 years old and a prisoner who is 18 years old or older, unless the minor has been committed to the commissioner of corrections under section 609.105 or the minor has been referred for adult prosecution and the prosecuting authority has filed a notice of intent to prosecute the matter for which the minor is being held under section 260.125; *and*

(2) ~~an insane prisoner and another prisoner;~~

~~(3) a prisoner awaiting trial and a prisoner who has been convicted of a crime;~~

~~(4) a prisoner awaiting trial and another prisoner awaiting trial, unless consistent with the safety, health, and welfare of both; and~~

~~(5)~~ a female prisoner and a male prisoner.

Sec. 38. Laws 1992, chapter 571, article 7, section 13, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The supreme court shall conduct a study of the juvenile justice system. To conduct the study, the court shall convene an advisory task force on the juvenile justice system, consisting of the following ~~20~~ *27* members:

(1) four judges appointed by the chief justice of the supreme court;

(2) ~~two~~ *three* members of the house of representatives, one of whom must be a member of the minority party, appointed by the speaker, and ~~two~~ *three* members of the senate, one of whom must be a member of the minority party, appointed by the subcommittee on committees of the senate committee on rules and administration;

(3) two professors of law appointed by the chief justice of the supreme court;

(4) the state public defender;

(5) one county attorney who is responsible for juvenile court matters, appointed by the chief justice of the supreme court on recommendation of the Minnesota county attorneys association;

(6) two corrections administrators appointed by the governor, one from a community corrections act county and one from a noncommunity corrections act county;

(7) the commissioner of human services;

(8) the commissioner of corrections;

(9) two public members appointed by the governor, one of whom is a victim of crime, *and five public members appointed by the chief justice of the supreme court*; and

(10) two law enforcement officers who are responsible for juvenile delinquency matters, appointed by the governor.

Sec. 39. [CONFERENCE OF CHIEF JUDGES; STUDY REQUESTED.]

The conference of chief judges is requested to study whether the rules of criminal procedure should be changed to make the pretrial procedures for gross misdemeanor offenses the same as those currently applicable to misdemeanor offenses.

Sec. 40. [REPEALER.]

Minnesota Statutes 1992, section 609.131, subdivision 1a, is repealed.

Sec. 41. [EFFECTIVE DATE.]

(a) Sections 1 to 9, and 11 to 39 are effective August 1, 1993, and apply to crimes committed on or after that date. Section 40 is effective retroactive to April 30, 1992, and applies to cases pending on or after that date.

(b) Section 10 is effective August 1, 1993, and applies to crimes committed on or after that date, but previous convictions occurring before that date may serve as the basis for enhancing penalties under section 10.

Sec. 42. [APPLICATION.]

Section 4 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 43. [APPLICATION.]

The intent of section 36 is to clarify the provisions of Minnesota Statutes, section 628.26.

ARTICLE 5

ARSON CRIMES AND RELATED OFFENSES

Section 1. Minnesota Statutes 1992, section 299F.04, is amended by adding a subdivision to read:

Subd. 5. [NOTIFICATION.] *(a) As used in this subdivision, "chief officer" means the city fire marshal or chief officer of a law enforcement agency's arson investigation unit in a city of the first class.*

(b) The officer making investigation of a fire resulting in a human death shall immediately notify either the state fire marshal or a chief officer. The state fire marshal or chief officer may conduct an investigation to establish the origin and cause regarding the circumstance of the death. If the chief officer undertakes the investigation, the officer shall promptly notify the state fire marshal of the investigation and, after the investigation is completed, shall forward a copy of the investigative report to the state fire marshal. Unless the investigating officer does so, the state fire marshal or chief officer shall immediately notify the appropriate coroner or medical examiner of a human death occurring as a result of a fire. The coroner or medical examiner shall perform an autopsy in the case of a human death as provided in section 390.11, subdivision 2a, or 390.32, subdivision 2a, as appropriate.

Sec. 2. Minnesota Statutes 1992, section 299F.811, is amended to read:

299F.811 [POSSESSION ~~FOR CRIMINAL PURPOSE~~ *OF EXPLOSIVE OR INCENDIARY DEVICE.*]

Whoever possesses, manufactures, or transports any explosive compound, timing or detonating device for use with any explosive compound or incendiary device and ~~either intends to use the explosive or device to commit a crime or knows that another intends to use the explosive or device to commit a crime~~ *is not licensed to so possess an explosive compound or device*, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

Sec. 3. Minnesota Statutes 1992, section 299F.815, subdivision 1, is amended to read:

Subdivision 1. [~~UNLAWFUL PURPOSE~~ *POSSESSION.*] *(a)* Whoever shall possess, manufacture, transport, or store a chemical self-igniting device or a molotov cocktail ~~with intent to use the same for any unlawful purpose~~ 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.

(b) Whoever possesses, manufactures, transports, or stores a device or compound that, when used or mixed has the potential to cause an explosion, with intent to use the device or compound to damage property or cause injury, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.

Sec. 4. Minnesota Statutes 1992, section 390.11, is amended by adding a subdivision to read:

Subd. 2a. [DEATHS CAUSED BY FIRE; AUTOPSIES.] *The coroner shall conduct an autopsy in the case of any human death reported to the coroner by the state fire marshal or a chief officer under section 299F.04, subdivision 5, and apparently caused by fire.*

Sec. 5. Minnesota Statutes 1992, section 390.32, is amended by adding a subdivision to read:

Subd. 2a. [DEATHS CAUSED BY FIRE; AUTOPSIES.] *The medical examiner shall conduct an autopsy in the case of any human death reported to the medical examiner by the state fire marshal or a chief officer under section 299F.04, subdivision 5, and apparently caused by fire.*

Sec. 6. Minnesota Statutes 1992, section 609.02, subdivision 6, is amended to read:

Subd. 6. [DANGEROUS WEAPON.] "Dangerous weapon" means any firearm, whether loaded or unloaded, or any device designed as a weapon and capable of producing death or great bodily harm, ~~or~~ any *combustible or* flammable liquid or other device or instrumentality that, in the manner it is used or intended to be used, is calculated or likely to produce death or great bodily harm, *or any fire that is used to produce death or great bodily harm.*

As used in this subdivision, "flammable liquid" means ~~Class I flammable liquids as defined in section 9.108 of the Uniform Fire Code~~ *any liquid having a flash point below 100 degrees Fahrenheit and having a vapor pressure not exceeding 40 pounds per square inch (absolute) at 100 degrees Fahrenheit* but does not include intoxicating liquor as defined in section 340A.101. *As used in this subdivision, "combustible liquid" is a liquid having a flash point at or above 100 degrees Fahrenheit.*

Sec. 7. Minnesota Statutes 1992, section 609.562, is amended to read:

609.562 [ARSON IN THE SECOND DEGREE.]

Whoever unlawfully by means of fire or explosives, intentionally destroys or damages any building not covered by section 609.561, no matter what its value, or any other real or personal property valued at more than ~~$2,500~~ *$1,000*, whether the property of the actor or another, 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. 8. Minnesota Statutes 1992, section 609.563, subdivision 1, is amended to read:

Subdivision 1. Whoever unlawfully by means of fire or explosives, intentionally destroys or damages any real or personal property may be sentenced to imprisonment for not more than five years or to *payment of* a fine of $10,000, or both, if:

(a) the property intended by the accused to be damaged or destroyed had a value of more than $300 but less than ~~$2,500~~ *$1,000*; or

(b) property of the value of $300 or more was unintentionally damaged or destroyed but such damage or destruction could reasonably have been foreseen; or

(c) the property specified in clauses (a) and (b) in the aggregate had a value of $300 or more.

Sec. 9. Minnesota Statutes 1992, section 609.576, subdivision 1, is amended to read:

Subdivision 1. [NEGLIGENT FIRE RESULTING IN INJURY OR PROPERTY DAMAGE.] Whoever is culpably negligent in causing a fire to burn or

get out of control thereby causing damage or injury to another, and as a result thereof:

(a) a human being is injured and great bodily harm incurred, is guilty of a crime and may be sentenced to imprisonment of not more than five years or to *payment of* a fine of not more than $10,000, or both; or

(b) property of another is injured, thereby, is guilty of a crime and may be sentenced as follows:

(1) to imprisonment for not more than 90 days or to payment of a fine of not more than $700, or both, if the value of the property damage is under $300;

(2) to imprisonment for not more than one year, or to *payment of* a fine of $3,000, or both, if the value of the property damaged is at least $300 but is less than ~~$10,000~~ *$2,500*;

(3) to imprisonment for not ~~less than 90 days nor~~ more than three years, or to *payment of* a fine of not more than $5,000, or both, if the value of the property damaged is ~~$10,000~~ *$2,500* or more.

Sec. 10. Minnesota Statutes 1992, section 609.686, is amended to read:

609.686 [FALSE FIRE ALARMS; TAMPERING WITH OR INJURING A FIRE ALARM SYSTEM.]

Subdivision 1. [MISDEMEANOR.] Whoever intentionally gives a false alarm of fire, or unlawfully tampers or interferes with any *fire alarm system, fire protection device, or the* station or signal box of any fire alarm system or any auxiliary fire appliance, or unlawfully breaks, injures, defaces, or removes any such *system, device,* box or station, or unlawfully breaks, injures, destroys, *disables, renders inoperable,* or disturbs any of the wires, poles, or other supports and appliances connected with or forming a part of any fire alarm system *or fire protection device* or any auxiliary fire appliance is guilty of a misdemeanor.

Subd. 2. [FELONY.] *Whoever violates subdivision 1 by tampering and knows or has reason to know that the tampering creates the potential for bodily harm or the tampering results in bodily harm is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both.*

Subd. 3. [TAMPERING.] *For purpose of this section, tampering means to intentionally disable, alter, or change the fire alarm system, fire protective device, or the station or signal box of any fire alarm system of any auxiliary fire appliance, with knowledge that it will be disabled or rendered inoperable.*

Sec. 11. Minnesota Statutes 1992, section 609.902, subdivision 4, is amended to read:

Subd. 4. [CRIMINAL ACT.] "Criminal act" means conduct constituting, or a conspiracy or attempt to commit, a felony violation of chapter 152, or a felony violation of section 297D.09; 299F.79; 299F.80; 299F.811; 299F.815; 299F.82; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.228; 609.235; 609.245; 609.25; 609.27; 609.322; 609.323; 609.342; 609.343; 609.344; 609.345; 609.42; 609.48; 609.485; 609.495; 609.496; 609.497; 609.498; 609.52, subdivision 2, if the offense is punishable under subdivision 3, clause (3)(b) or clause 3(d)(v) or (vi); *section*

609.52, subdivision 2, clause (4); 609.53; 609.561; 609.562; 609.582, subdivision 1 or 2; 609.67; 609.687; 609.713; 609.86; 624.713; or 624.74. "Criminal act" also includes conduct constituting, or a conspiracy or attempt to commit, a felony violation of section 609.52, subdivision 2, clause (3), (4), (15), or (16) if the violation involves an insurance company as defined in section 60A.02, subdivision 4, a nonprofit health service plan corporation regulated under chapter 62C, a health maintenance organization regulated under chapter 62D, or a fraternal benefit society regulated under chapter 64B.

Sec. 12. Minnesota Statutes 1992, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within three years after the offense was reported to law enforcement authorities.

(d) Indictments or complaints for violation of sections 609.342 to 609.344 if the victim was 18 years old or older at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(f) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than $35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) *Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.*

(i) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense; but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.

Sec. 13. [EFFECTIVE DATE.]

Sections 2, 3, and 6 to 12 are effective August 1, 1993, and apply to crimes committed on or after that date.

ARTICLE 6

CRIME VICTIMS

Section 1. [169.042] [TOWING; NOTICE TO VICTIM OF VEHICLE THEFT; FEES PROHIBITED.]

Subdivision 1. [NOTIFICATION.] *A law enforcement agency shall make a reasonable and good-faith effort to notify the victim of a reported vehicle theft within 48 hours after the agency recovers the vehicle. The notice must specify when the agency expects to release the vehicle to the owner and how the owner may pick up the vehicle.*

Subd. 2. [VIOLATION DISMISSAL.] *A traffic violation citation given to the owner of the vehicle as a result of the vehicle theft must be dismissed if the owner presents, by mail or in person, a police report or other verification that the vehicle was stolen at the time of the violation.*

Sec. 2. [260.013] [SCOPE OF VICTIM RIGHTS.]

The rights granted to victims of crime in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 3. Minnesota Statutes 1992, section 260.193, subdivision 8, is amended to read:

Subd. 8. If the juvenile court finds that the child is a juvenile major highway or water traffic offender, it may make any one or more of the following dispositions of the case:

(a) Reprimand the child and counsel with the child and the parents;

(b) Continue the case for a reasonable period under such conditions governing the child's use and operation of any motor vehicles or boat as the court may set;

(c) Require the child to attend a driver improvement school if one is available within the county;

(d) Recommend to the department of public safety suspension of the child's driver's license as provided in section 171.16;

(e) If the child is found to have committed two moving highway traffic violations or to have contributed to a highway accident involving death, injury, or physical damage in excess of $100, the court may recommend to the commissioner of public safety or to the licensing authority of another state the cancellation of the child's license until the child reaches the age of 18 years, and the commissioner of public safety is hereby authorized to cancel the license without hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety, or to the licensing authority of another state, that the child's license be returned, and the commissioner of public safety is authorized to return the license;

(f) Place the child under the supervision of a probation officer in the child's own home under conditions prescribed by the court including reasonable rules relating to operation and use of motor vehicles or boats directed to the correction of the child's driving habits;

(g) *If the child is found to have violated a state or local law or ordinance and the violation resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for the damage;*

(h) Require the child to pay a fine of up to $700. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

~~(h)~~ *(i)* If the court finds that the child committed an offense described in section 169.121, the court shall order that a chemical use assessment be conducted and a report submitted to the court in the manner prescribed in section 169.126. If the assessment concludes that the child meets the level of care criteria for placement under rules adopted under section 254A.03, subdivision 3, the report must recommend a level of care for the child. The court may require that level of care in its disposition order. In addition, the court may require any child ordered to undergo an assessment to pay a chemical dependency assessment charge of $75. The court shall forward the assessment charge to the commissioner of finance to be credited to the general fund. The state shall reimburse counties for the total cost of the assessment in the manner provided in section 169.126, subdivision 4c.

Sec. 4. Minnesota Statutes 1992, section 260.251, subdivision 1, is amended to read:

Subdivision 1. [CARE, EXAMINATION, OR TREATMENT.] (a) Except where parental rights are terminated,

(1) whenever legal custody of a child is transferred by the court to a county welfare board, or

(2) whenever legal custody is transferred to a person other than the county welfare board, but under the supervision of the county welfare board,

(3) whenever a child is given physical or mental examinations or treatment under order of the court, and no provision is otherwise made by law for payment for the care, examination, or treatment of the child, these costs are a charge upon the welfare funds of the county in which proceedings are held upon certification of the judge of juvenile court.

(b) The court shall order, and the county welfare board shall require, the parents or custodian of a child, while the child is under the age of 18, to use the total income and resources attributable to the child for the period of care, examination, or treatment, except for clothing and personal needs allowance as provided in section 256B.35, to reimburse the county for the cost of care, examination, or treatment. Income and resources attributable to the child include, but are not limited to, social security benefits, supplemental security income (SSI), veterans benefits, railroad retirement benefits and child support. When the child is over the age of 18, and continues to receive care, examination, or treatment, the court shall order, and the county welfare board shall require, reimbursement from the child for the cost of care, examination, or treatment from the income and resources attributable to the child less the clothing and personal needs allowance.

(c) If the income and resources attributable to the child are not enough to reimburse the county for the full cost of the care, examination, or treatment, the court shall inquire into the ability of the parents to support the child and, after giving the parents a reasonable opportunity to be heard, the court shall order, and the county welfare board shall require, the parents to contribute to the cost of care, examination, or treatment of the child. *Except in delinquency cases where the victim is a member of the child's immediate family,* when determining the amount to be contributed by the parents, the court shall use a fee schedule based upon ability to pay that is established by the county welfare board and approved by the commissioner of human services. *In delinquency cases where the victim is a member of the child's immediate family, the court shall use the fee schedule, but may also take into account the seriousness of the offense and any expenses which the parents have incurred as a result of the offense.* The income of a stepparent who has not adopted a child shall be excluded in calculating the parental contribution under this section.

(d) The court shall order the amount of reimbursement attributable to the parents or custodian, or attributable to the child, or attributable to both sources, withheld under chapter 518 from the income of the parents or the custodian of the child. A parent or custodian who fails to pay without good reason may be proceeded against for contempt, or the court may inform the county attorney, who shall proceed to collect the unpaid sums, or both procedures may be used.

(e) If the court orders a physical or mental examination for a child, the examination is a medically necessary service for purposes of determining whether the service is covered by a health insurance policy, health maintenance contract, or other health coverage plan. Court-ordered treatment shall be subject to policy, contract, or plan requirements for medical necessity. Nothing in this paragraph changes or eliminates benefit limits, conditions of coverage, copayments or deductibles, provider restrictions, or other requirements in the policy, contract, or plan that relate to coverage of other medically necessary services.

Sec. 5. Minnesota Statutes 1992, section 540.18, subdivision 1, is amended to read:

Subdivision 1. The parent or guardian of the person of a minor who is under the age of 18 and who is living with the parent or guardian and who willfully or maliciously causes injury to any person or damage to any property is jointly and severally liable with such minor for such injury or damage to an amount not exceeding ~~$500~~ *$1,000*, if such minor would have been liable for such injury or damage if the minor had been an adult. Nothing in this subdivision shall be construed to relieve such minor from personal liability for such injury or damage. The liability provided in this subdivision is in addition to and not in lieu of any other liability which may exist at law. Recovery under this section shall be limited to special damages.

Sec. 6. [611A.015] [SCOPE OF VICTIM RIGHTS.]

The rights afforded to crime victims in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 7. Minnesota Statutes 1992, section 611A.02, subdivision 2, is amended to read:

Subd. 2. [VICTIMS' RIGHTS.] (a) ~~The commissioner of public safety, in consultation with~~ The crime victim and witness advisory council~~, must~~ *shall* develop ~~a notice~~ *two model notices* of the rights of crime victims. ~~The notice must include a form for the preparation of a preliminary written victim impact summary. A preliminary victim impact summary is a concise statement of the immediate and expected damage to the victim as a result of the crime. A victim desiring to file a preliminary victim impact summary must file the summary with the investigating officer no more than five days after the victim receives the notice from a peace officer. If a preliminary victim impact statement is filed with the investigating officer, it must be sent to the prosecutor with other investigative materials. If a prosecutor has received a preliminary victim impact summary, the prosecutor must present the summary to the court. This subdivision does not relieve a probation officer of the notice requirements imposed by section 611A.037, subdivision 2.~~

(b) The *initial* notice of the rights of crime victims must be distributed by a peace officer to each victim, as defined in section 611A.01, ~~when the peace officer takes a formal statement from the victim. A peace officer is not obligated to distribute the notice if a victim does not make a formal statement~~ *at the time of initial contact with the victim*. The notice must inform a victim of:

(1) the victim's right to ~~request restitution under section 611A.04~~ *apply for reparations to cover losses, not including property losses, resulting from a violent crime and the telephone number to call to request an application*;

(2) the victim's right to ~~be notified of any plea negotiations under section 611A.03~~ *request that the law enforcement agency withhold public access to data revealing the victim's identity under section 13.82, subdivision 10, paragraph (d)*;

(3) the ~~victim's right to be present at sentencing, and to object orally or in writing to a proposed agreement or disposition; and~~ *additional rights of domestic abuse victims as described in section 629.341;*

(4) ~~the victim's right to be notified of the final disposition of the case.~~ *information on the nearest crime victim assistance program or resource; and*

(5) the victim's rights, if an offender is charged, to be informed of and participate in the prosecution process, including the right to request restitution.

(c) A supplemental notice of the rights of crime victims must be distributed by the city or county attorney's office to each victim, within a reasonable time after the offender is charged or petitioned. This notice must inform a victim of all the rights of crime victims under this chapter.

Sec. 8. Minnesota Statutes 1992, section 611A.04, subdivision 1, is amended to read:

Subdivision 1. [REQUEST; DECISION.] (a) A victim of a crime has the right to receive restitution as part of the disposition of a criminal charge or juvenile delinquency proceeding against the offender if the offender is convicted or found delinquent. The court, or a person or agency designated by the court, shall request information from the victim to determine the amount

of restitution owed. The court or its designee shall obtain the information from the victim in affidavit form *or by other competent evidence*. Information submitted relating to restitution must describe the items or elements of loss, itemize the total dollar amounts of restitution claimed, and specify the reasons justifying these amounts, if restitution is in the form of money or property. A request for restitution may include, but is not limited to, any out-of-pocket losses resulting from the crime, including medical and therapy costs, replacement of wages and services, and funeral expenses. In order to be considered at the sentencing or dispositional hearing, all information regarding restitution must be received by the court administrator of the appropriate court ~~and must also be provided to the offender~~ at least three business days before the sentencing or dispositional hearing. ~~If the victim's noncooperation prevents the court or its designee from obtaining competent evidence regarding restitution, the court is not obligated to consider information regarding restitution in the sentencing or dispositional hearing.~~ *The court administrator shall provide copies of this request to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the affidavit or other competent evidence is not received in time.* At the sentencing or dispositional hearing, the court shall give the offender an opportunity to respond to specific items of restitution and their dollar amounts.

(b) The court may amend or issue an order of restitution after the sentencing or dispositional hearing if:

(1) the offender is on probation or supervised release;

(2) information regarding restitution was submitted as required under paragraph (a); and

(3) the true extent of the victim's loss was not known at the time of the sentencing or dispositional hearing.

If the court holds a hearing on the restitution request, the court must notify the offender, the offender's attorney, the victim, and the prosecutor at least five business days before the hearing. The court's restitution decision is governed by this section and section 611A.045.

(c) The court shall grant or deny restitution or partial restitution and shall state on the record its reasons for its decision on restitution if information relating to restitution has been presented. If the court grants partial restitution it shall also specify the full amount of restitution that may be docketed as a civil judgment under subdivision 3. The court may not require that the victim waive or otherwise forfeit any rights or causes of action as a condition of granting restitution or partial restitution.

Sec. 9. Minnesota Statutes 1992, section 611A.04, subdivision 1a, is amended to read:

Subd. 1a. [CRIME BOARD REQUEST.] The crime victims reparations board may request restitution on behalf of a victim by filing a copy of a ~~claim for reparations submitted under sections 611A.52 to 611A.67, along with~~ orders of the board, if any, which detail any amounts paid by the board to the victim. The board may file the ~~claim~~ *payment order* with the court administrator or with the person or agency the court has designated to obtain information relating to restitution. In either event, the board shall submit the

~~claim~~ *payment order* not less than three business days before the sentencing or dispositional hearing. ~~If the board submits the claim directly to the court administrator, it shall also provide a copy to the offender.~~ *The court administrator shall provide copies of the payment order to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the payment order is not received in time.* The filing of a ~~claim~~ *payment order* for reparations with the court administrator shall also serve as a request for restitution by the victim. The restitution requested by the board may be considered to be both on its own behalf and on behalf of the victim. If the board has not paid reparations to the victim, restitution may be made directly to the victim. If the board has paid reparations to the victim, the court shall order restitution payments to be made directly to the board.

Sec. 10. Minnesota Statutes 1992, section 611A.04, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF ORDER FOR RESTITUTION.] An order of restitution may be enforced by any person named in the order to receive the restitution in the same manner as a judgment in a civil action. *Filing fees for docketing an order of restitution as a civil judgment are waived for any victim named in the restitution order.* An order of restitution shall be docketed as a civil judgment by the court administrator of the district court in the county in which the order of restitution was entered. A juvenile court is not required to appoint a guardian ad litem for a juvenile offender before docketing a restitution order. Interest shall accrue on the unpaid balance of the judgment as provided in section 549.09. A decision for or against restitution in any criminal or juvenile proceeding is not a bar to any civil action by the victim or by the state pursuant to section 611A.61 against the offender. The offender shall be given credit, in any order for judgment in favor of a victim in a civil action, for any restitution paid to the victim for the same injuries for which the judgment is awarded.

Sec. 11. Minnesota Statutes 1992, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18; or transferred ~~from one correctional facility to another when the correctional program involves less security~~ *to a minimum security setting*, if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice. The good faith effort to notify the victim must occur prior to the release, transfer, or change in security status. For a victim of a felony crime against the person for which the offender was sentenced to a term of imprisonment of more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release, transfer, or change ~~in~~ *to minimum* security status.

Sec. 12. Minnesota Statutes 1992, section 611A.52, subdivision 5, is amended to read:

Subd. 5. [COLLATERAL SOURCE.] "Collateral source" means a source of benefits or advantages for economic loss otherwise reparable under sections 611A.51 to 611A.67 which the victim or claimant has received, or which is readily available to the victim, from:

(1) the offender;

(2) the government of the United States or any agency thereof, a state or any of its political subdivisions, or an instrumentality of two or more states, unless the law providing for the benefits or advantages makes them excess or secondary to benefits under sections 611A.51 to 611A.67;

(3) social security, medicare, and medicaid;

(4) state required temporary nonoccupational disability insurance;

(5) workers' compensation;

(6) wage continuation programs of any employer;

(7) proceeds of a contract of insurance payable to the victim for economic loss sustained because of the crime;

(8) a contract providing prepaid hospital and other health care services, or benefits for disability; ~~or~~

(9) any private source as a voluntary donation or gift; *or*

(10) proceeds of a lawsuit brought as a result of the crime.

The term does not include a life insurance contract.

Sec. 13. Minnesota Statutes 1992, section 611A.52, subdivision 8, is amended to read:

Subd. 8. [ECONOMIC LOSS.] "Economic loss" means actual economic detriment incurred as a direct result of injury or death.

(a) In the case of injury the term is limited to:

(1) reasonable expenses incurred for necessary medical, chiropractic, hospital, rehabilitative, and dental products, services, or accommodations, including ambulance services, drugs, appliances, and prosthetic devices;

(2) reasonable expenses associated with recreational therapy where a claimant has suffered amputation of a limb;

(3) reasonable expenses incurred for psychological or psychiatric products, services, or accommodations where the nature of the injury or the circumstances of the crime are such that the treatment is necessary to the rehabilitation of the victim, subject to the following limitations:

(i) if treatment is likely to continue longer than six months after the date the claim is filed and the cost of the additional treatment will exceed $1,500, or if the total cost of treatment in any case will exceed $4,000, the provider shall first submit to the board a plan which includes the measurable treatment goals, the estimated cost of the treatment, and the estimated date of completion of the treatment. Claims submitted for treatment that was provided more than 30 days after the estimated date of completion may be paid only after advance approval by the board of an extension of treatment; and

(ii) the board may, in its discretion, elect to pay claims under this clause on a quarterly basis;

(4) loss of income that the victim would have earned had the victim not been injured;

(5) reasonable expenses incurred for substitute child care or household services to replace those the victim would have performed had the victim not been injured. As used in this clause, "child care services" means services provided by facilities licensed under and in compliance with either Minnesota Rules, parts 9502.0315 to 9502.0445, or 9545.0510 to 9545.0670, or exempted from licensing requirements pursuant to section 245A.03. Licensed facilities must be paid at a rate not to exceed their standard rate of payment. Facilities exempted from licensing requirements must be paid at a rate not to exceed $3 an hour per child for daytime child care or $4 an hour per child for evening child care; and

(6) reasonable expenses actually incurred to return a child who was a victim of a crime under section 609.25 or 609.26 to the child's parents or lawful custodian. These expenses are limited to transportation costs, meals, and lodging from the time the child was located until the child was returned home.

(b) In the case of death the term is limited to:

(1) reasonable expenses actually incurred for funeral, burial, or cremation, not to exceed an amount to be determined by the board on the first day of each fiscal year;

(2) reasonable expenses for medical, chiropractic, hospital, rehabilitative, psychological and psychiatric services, products or accommodations which were incurred prior to the victim's death and for which the victim's survivors or estate are liable;

(3) loss of support, including contributions of money, products or goods, but excluding services which the victim would have supplied to dependents if the victim had lived; and

(4) reasonable expenses incurred for substitute child care and household services to replace those which the victim would have performed for the benefit of dependents if the victim had lived.

Claims for loss of support for minor children made under clause (3) must be paid for three years or until the child reaches 18 years old, whichever is the shorter period. After three years, if the child is ~~less~~ *younger* than 18 years old a claim for loss of support may be resubmitted to the board, and the board *staff* shall evaluate the claim giving consideration to the child's financial need and to the availability of funds to the board. *Claims for loss of support for a spouse made under clause (3) shall also be reviewed at least once every three years. The board staff shall evaluate the claim giving consideration to the spouse's financial need and to the availability of funds to the board.*

Claims for substitute child care services made under clause (4) must be limited to the actual care that the deceased victim would have provided to enable surviving family members to pursue economic, educational, and other activities other than recreational activities.

Sec. 14. Minnesota Statutes 1992, section 611A.52, subdivision 9, is amended to read:

Subd. 9. [INJURY.] "Injury" means actual bodily harm including pregnancy and ~~mental or nervous shock~~ *emotional trauma*.

Sec. 15. Minnesota Statutes 1992, section 611A.57, subdivision 2, is amended to read:

Subd. 2. The board ~~member to whom the claim is assigned~~ *staff* shall examine the papers filed in support of the claim and cause an investigation to be conducted into the validity of ~~the~~ *a* claim to the extent that an investigation is necessary.

Sec. 16. Minnesota Statutes 1992, section 611A.57, subdivision 3, is amended to read:

Subd. 3. [CLAIM DECISION.] The board ~~member to whom a claim is assigned~~ *executive director* may decide the claim in favor of a claimant in the amount claimed on the basis of the papers filed in support of it and the report of the investigation of such claim. If unable to decide the claim upon the basis of the papers and any report of investigation, the board ~~member~~ *executive director* shall discuss the matter with other members of the board present at a board meeting. After discussion the board shall vote on whether to grant or deny the claim or whether further investigation is necessary. A decision granting or denying the claim shall then be issued by the executive director ~~or the board member to whom the claim was assigned~~.

Sec. 17. Minnesota Statutes 1992, section 611A.57, subdivision 5, is amended to read:

Subd. 5. [RECONSIDERATION.] The claimant may, within 30 days after receiving the decision of the board, apply for reconsideration before the entire board. Upon request for reconsideration, the board shall reexamine all information filed by the claimant, including any new information the claimant provides, and all information obtained by investigation. The board may also conduct additional examination into the validity of the claim. Upon reconsideration, the board may affirm, modify, or reverse ~~its~~ *the* prior ruling. A claimant denied reparations upon reconsideration is entitled to a contested case hearing within the meaning of chapter 14.

Sec. 18. Minnesota Statutes 1992, section 611A.66, is amended to read:

611A.66 [LAW ENFORCEMENT AGENCIES; DUTY TO INFORM VICTIMS OF RIGHT TO FILE CLAIM.]

All law enforcement agencies investigating crimes shall provide ~~forms to each person who may be eligible to file a claim pursuant to sections 611A.51 to 611A.67 and to inform them of their rights hereunder. All law enforcement agencies shall obtain from the board and maintain a supply of all forms necessary for the preparation and presentation of claims~~ *victims with notice of their right to apply for reparations with the telephone number to call to request an application form*.

Law enforcement agencies shall assist the board in performing its duties under sections 611A.51 to 611A.67. Law enforcement agencies within ten days after receiving a request from the board shall supply the board with requested reports, notwithstanding any provisions to the contrary in chapter 13, and including reports otherwise maintained as confidential or not open to inspection under section 260.161. All data released to the board retains the data classification that it had in the possession of the law enforcement agency.

Sec. 19. Minnesota Statutes 1992, section 611A.71, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The Minnesota crime victim and witness advisory council is established and shall consist of ~~15~~ *16* members.

Sec. 20. Minnesota Statutes 1992, section 611A.71, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The crime victim and witness advisory council shall consist of the following members, appointed by the commissioner of public safety after consulting with the commissioner of corrections:

(1) one district court judge appointed upon recommendation of the chief justice of the supreme court;

(2) one county attorney appointed upon recommendation of the Minnesota county attorneys association;

(3) one public defender appointed upon recommendation of the state public defender;

(4) one peace officer;

(5) one medical or osteopathic physician licensed to practice in this state;

(6) five members who are crime victims or crime victim assistance representatives; ~~and~~

(7) three public members*; and*

(8) one member appointed on recommendation of the Minnesota general crime victim coalition.

The appointments should take into account sex, race, and geographic distribution. *No more than seven of the members appointed under this paragraph may be of one gender.* One of the nonlegislative members must be designated by the commissioner of public safety as chair of the council.

(b) Two members of the council shall be members of the legislature who have demonstrated expertise and interest in crime victims issues, one senator appointed under rules of the senate and one member of the house of representatives appointed under rules of the house of representatives.

Sec. 21. Minnesota Statutes 1992, section 611A.71, subdivision 3, is amended to read:

Subd. 3. [TERMS OF OFFICE.] ~~Each appointed member must be appointed for a four-year term coterminous with the governor's term of office, and shall continue to serve during that time as long as the member occupies the position which made that member eligible for the appointment. Each member shall continue in office until that member's successor is duly appointed.~~ *Section 15.059 governs the terms of office, filling of vacancies, and removal of members of the crime victim and witness advisory council.* Members are eligible for reappointment and appointment may be made to fill an unexpired term. The members of the council shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 22. Minnesota Statutes 1992, section 611A.71, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] The council expires ~~as provided in section 15.059, subdivision 5~~ *on June 30, 1995.*

Sec. 23. Minnesota Statutes 1992, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency shall immediately conduct an assessment and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse or physical abuse, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97.

(c) Authority of the local welfare agency responsible for assessing the child abuse report and of the local law enforcement agency for investigating the alleged abuse includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged perpetrator. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found ~~and~~ *or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview* may take place outside the presence of the perpetrator or parent, legal custodian, guardian, or school official. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the county welfare board or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged perpetrator is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the perpetrator or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the perpetrator or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (d), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or

neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

Sec. 24. Minnesota Statutes 1992, section 631.046, subdivision 1, is amended to read:

Subdivision 1. [CHILD ABUSE *AND VIOLENT CRIME* CASES.] Notwithstanding any other law, a prosecuting witness under 18 years of age in a case involving child abuse as defined in section 630.36, subdivision 2, *a crime of violence, as defined in section 624.712, subdivision 5, or an assault under section 609.224,* may choose to have in attendance *or be accompanied by* a parent, guardian, or other supportive person, whether or not a witness, at the omnibus hearing or at the trial, during testimony of the prosecuting witness. If the person so chosen is also a prosecuting witness, the prosecution shall present on noticed motion, evidence that the person's attendance is both desired by the prosecuting witness for support and will be helpful to the prosecuting witness. Upon that showing the court shall grant the request unless information presented by the defendant or noticed by the court establishes that the support person's attendance during the testimony of the prosecuting witness would pose a substantial risk of influencing or affecting the content of that testimony.

Sec. 25. [APPLICABILITY.]

The gender balance requirement of section 20 applies only to appointments made after the effective date of that section and does not require displacement of incumbents before the end of their term.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, section 611A.57, subdivision 1, is repealed.

ARTICLE 7

LAW ENFORCEMENT

Section 1. Minnesota Statutes 1992, section 8.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The attorney general, or any deputy, assistant, or special assistant attorney general whom the attorney general authorizes in writing, has the authority in any county of the state to subpoena and require the production of any records of telephone companies, *cellular phone companies, paging companies,* electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, *pawn shops,* airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, *self-service storage facilities,* warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, *and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies.* Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 2. Minnesota Statutes 1992, section 169.222, is amended by adding a subdivision to read:

Subd. 11. [PEACE OFFICERS OPERATING BICYCLES.] *The provisions of this section governing operation of bicycles do not apply to bicycles operated by peace officers while performing their duties.*

Sec. 3. Minnesota Statutes 1992, section 169.98, subdivision 1a, is amended to read:

Subd. 1a. [VEHICLE STOPS.] ~~Except as otherwise permitted under sections 221.221 and 299D.06,~~ Only a person who is licensed as a peace officer, constable, or part-time peace officer under sections 626.84 to section 626.863 may use a motor vehicle governed by subdivision 1 to stop a vehicle as defined in section 169.01, subdivision 2. *In addition, a hazardous materials specialist employed by the department of transportation may, in the course of responding to an emergency, use a motor vehicle governed by subdivision 1 to stop a vehicle as defined in section 169.01, subdivision 2.*

Sec. 4. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 10. [RECEIPT OF COMPLAINT.] *Notwithstanding the provisions of subdivision 1 to the contrary, when the executive director or any member of the board of peace officer standards and training produces or receives a written statement or complaint that alleges a violation of a statute or rule that the board is empowered to enforce, the executive director shall designate the appropriate law enforcement agency to investigate the complaint and shall order it to conduct an inquiry into the complaint's allegations. The investigating agency must complete the inquiry and submit a written summary of it to the executive director within 30 days of the order for inquiry.*

Sec. 5. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 11. [REASONABLE GROUNDS DETERMINATION.] *(a) After the investigation is complete, the executive director shall convene a three-member committee of the board to determine if the complaint constitutes reasonable grounds to believe that a violation within the board's enforcement jurisdiction has occurred. At least two members of the committee must be board members who are peace officers. No later than 30 days before the committee meets, the executive director shall give the licensee who is the subject of the complaint and the complainant written notice of the meeting. The executive director shall also give the licensee a copy of the complaint. Before making its determination, the committee shall give the complaining party and the licensee who is the subject of the complaint a reasonable opportunity to be heard.*

(b) The committee shall, by majority vote, after considering the information supplied by the investigating agency and any additional information supplied by the complainant or the licensee who is the subject of the complaint, take one of the following actions:

(1) find that reasonable grounds exist to believe that a violation within the board's enforcement jurisdiction has occurred and order that an administrative hearing be held;

(2) decide that no further action is warranted; or

(3) continue the matter.

The executive director shall promptly give notice of the committee's action to the complainant and the licensee.

(c) If the committee determines that a complaint does not relate to matters within its enforcement jurisdiction but does relate to matters within another state or local agency's enforcement jurisdiction, it shall refer the complaint to the appropriate agency for disposition.

Sec. 6. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 12. [ADMINISTRATIVE HEARING; BOARD ACTION.] *(a) Notwithstanding the provisions of subdivision 2 to the contrary, an administrative hearing shall be held if ordered by the committee under subdivision 11, paragraph (b). After the administrative hearing is held, the administrative law judge shall refer the matter to the full board for final action.*

(b) Before the board meets to take action on the matter and the executive director must notify the complainant and the licensee who is the subject of the complaint. After the board meets, the executive director must promptly notify these individuals and the chief law enforcement officer of the agency employing the licensee of the board's disposition.

Sec. 7. Minnesota Statutes 1992, section 214.10, is amended by adding a subdivision to read:

Subd. 13. [DEFINITION.] *As used in subdivisions 10 to 12, "appropriate law enforcement agency" means the law enforcement agency assigned by the executive director and the chair of the committee of the board convened under subdivision 11.*

Sec. 8. Minnesota Statutes 1992, section 299D.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The commissioner is hereby authorized to employ and designate a chief supervisor, a chief assistant supervisor, and such assistant supervisors, sergeants and officers as are provided by law, who shall comprise the Minnesota state patrol. The members of the Minnesota state patrol shall have the power and authority:

(1) As peace officers to enforce the provisions of the law relating to the protection of and use of trunk highways.

(2) At all times to direct all traffic on trunk highways in conformance with law, and in the event of a fire or other emergency, or to expedite traffic or to insure safety, to direct traffic on other roads as conditions may require notwithstanding the provisions of law.

(3) To serve *search warrants related to criminal motor vehicle and traffic violations and arrest* warrants, and legal documents anywhere in the state.

(4) To serve orders of the commissioner of public safety or the commissioner's duly authorized agents issued under the provisions of the Drivers License Law, the Safety Responsibility Act, or relating to authorized brake and light testing stations, anywhere in the state and to take possession of any license, permit or certificate ordered to be surrendered.

(5) To inspect official brake and light adjusting stations.

(6) To make appearances anywhere within the state for the purpose of conducting traffic safety educational programs and school bus clinics.

(7) To exercise upon all trunk highways the same powers with respect to the enforcement of laws relating to crimes, as sheriffs, constables and police officers.

(8) To cooperate, under instructions and rules of the commissioner of public safety, with all sheriffs and other police officers anywhere in the state, provided that said employees shall have no power or authority in connection with strikes or industrial disputes.

(9) To assist and aid any peace officer whose life or safety is in jeopardy.

(10) As peace officers to provide security and protection to the governor, governor elect, either or both houses of the legislature, and state buildings or property in the manner and to the extent determined to be necessary after consultation with the governor, or a designee. Pursuant to this clause, members of the state patrol, acting as peace officers have the same powers with respect to the enforcement of laws relating to crimes, as sheriffs, constables and police officers have within their respective jurisdictions.

(11) To inspect school buses anywhere in the state for the purposes of determining compliance with vehicle equipment, pollution control, and registration requirements.

(12) As peace officers to make arrests for public offenses committed in their presence anywhere within the state. Persons arrested for violations other than traffic violations shall be referred forthwith to the appropriate local law enforcement agency for further investigation or disposition.

The state may contract for state patrol members to render the services described in this section in excess of their regularly scheduled duty hours and patrol members rendering such services shall be compensated in such amounts, manner and under such conditions as the agreement provides.

Employees thus employed and designated shall subscribe an oath.

Sec. 9. Minnesota Statutes 1992, section 299D.06, is amended to read:

299D.06 [INSPECTIONS; WEIGHING.]

Personnel to enforce the laws relating to motor vehicle equipment, school bus equipment, drivers license, motor vehicle registration, motor vehicle size and weight, and motor vehicle petroleum tax, to enforce public utilities commission rules relating to motor carriers, to enforce pollution control agency rules relating to motor vehicle noise abatement, and to enforce laws relating to directing the movement of vehicles shall be classified employees of the commissioner of public safety assigned to the division of state patrol. Employees engaged in these duties, while actually on the job during their working hours only, shall have power to *issue citations in lieu of* arrest *and continued detention* and *to* prepare notices to appear in court for violation of these laws and rules, in the manner provided in section 169.91, *subdivision 3*. They shall not be armed and shall have none of the other powers and privileges reserved to peace officers.

Sec. 10. Minnesota Statutes 1992, section 388.23, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county attorney, or any deputy or assistant county attorney whom the county attorney authorizes in writing, has the authority to subpoena and require the production of any records of

telephone companies, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, *pawn shops,* airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, warehousing companies, *self-service storage facilities,* package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation.

Sec. 11. [473.407] [METROPOLITAN TRANSIT COMMISSION POLICE.]

Subdivision 1. [AUTHORIZATION.] *The metropolitan transit commission may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (h), known as the metropolitan transit commission police, to police its property and routes and to make arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to offenses relating to commission property, equipment, employees, and passengers.*

Subd. 2. [LIMITATIONS.] *The initial processing of a person arrested by the transit commission police for an offense within the agency's jurisdiction is the responsibility of the transit commission police unless otherwise directed by the law enforcement agency with primary jurisdiction. A subsequent investigation is the responsibility of the law enforcement agency of the jurisdiction in which the crime was committed. The transit commission police are not authorized to apply for a search warrant as prescribed in section 626.05.*

Subd. 3. [POLICIES.] *Before the commission begins to operate its law enforcement agency within a city or county with an existing law enforcement agency, the transit commission police shall develop, in conjunction with the law enforcement agencies, written policies that describe how the issues of joint jurisdiction will be resolved. The policies must also address the operation of emergency vehicles by transit commission police responding to commission emergencies. These policies must be filed with the board of peace officer standards and training by August 1, 1993. Revisions of any of these policies must be filed with the board within ten days of the effective date of the revision. The commission shall train all of its peace officers regarding the application of these policies.*

Subd. 4. [CHIEF LAW ENFORCEMENT OFFICER.] *The commission shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the law enforcement agency. The person shall possess the necessary police and management experience and have the title of chief of metropolitan transit commission police services. All other police management and supervisory personnel must be employed full time by the commission. Supervisory personnel must be on duty and available any time transit commission police are on duty. The commission may not hire part-time peace officers as defined in section 626.84, subdivision 1, paragraph (f), except that the commission may appoint peace officers to work on a part-time basis not to exceed 30 full-time equivalents.*

Subd. 5. [EMERGENCIES.] *(a) The commission shall ensure that all emergency vehicles used by transit commission police are equipped with radios capable of receiving and transmitting on the same frequencies utilized by the law enforcement agencies that have primary jurisdiction.*

(b) When the transit commission police receive an emergency call they shall notify the public safety agency with primary jurisdiction and coordinate the appropriate response.

(c) Transit commission police officers shall notify the primary jurisdictions of their response to any emergency.

Subd. 6. [COMPLIANCE.] *Except as otherwise provided in this section, the transit commission police shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency.*

Sec. 12. Minnesota Statutes 1992, section 480.0591, subdivision 6, is amended to read:

Subd. 6. [PRESENT LAWS EFFECTIVE UNTIL MODIFIED; RIGHTS RESERVED.] Present statutes relating to evidence shall be effective until modified or superseded by court rule. If a rule of evidence is promulgated which is in conflict with a statute, the statute shall thereafter be of no force and effect. The supreme court, however, shall not have the power to promulgate rules of evidence which conflict, modify, or supersede the following statutes:

(a) statutes which relate to the competency of witnesses to testify, found in sections 595.02 to 595.025;

(b) statutes which establish the prima facie evidence as proof of a fact;

(c) statutes which establish a presumption or a burden of proof;

(d) *statutes which relate to the admissibility of statistical probability evidence based on genetic or blood test results, found in sections 634.25 to 634.30;*

(e) statutes which relate to the privacy of communications; and

~~(e)~~ *(f)* statutes which relate to the admissibility of certain documents.

The legislature may enact, modify, or repeal any statute or modify or repeal any rule of evidence promulgated under this section.

Sec. 13. Minnesota Statutes 1992, section 626.05, subdivision 2, is amended to read:

Subd. 2. The term "peace officer," as used in sections 626.04 to 626.17, means a *person who is licensed as a peace officer in accordance with section 626.84, subdivision 1, and who serves as a* sheriff, deputy sheriff, police officer, constable, conservation officer, agent of the bureau of criminal apprehension, agent of the division of gambling enforcement, ~~or~~ University of Minnesota peace officer, *or state patrol trooper as authorized by section 299D.03.*

Sec. 14. Minnesota Statutes 1992, section 626.13, is amended to read:

626.13 [SERVICE; PERSONS MAKING.]

A search warrant may in all cases be served by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension, an agent of the division of gambling enforcement, *a state patrol trooper,* or a conservation officer, the agent, *state patrol trooper,* or conservation officer shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 15. Minnesota Statutes 1992, section 626A.05, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION FOR WARRANT.] The attorney general~~, or not more than one assistant or special assistant attorney general specifically designated by the attorney general,~~ or a county attorney of any county~~, or not more than one assistant county attorney specifically designated by the county attorney,~~ may make application as provided in section 626A.06, to a judge of the district court, of the court of appeals, or of the supreme court for a warrant authorizing or approving the interception of wire, electronic, or oral communications by investigative or law enforcement officers having responsibility for the investigation of the offense as to which the application is made. No court commissioner shall issue a warrant under this chapter.

Sec. 16. Minnesota Statutes 1992, section 626A.06, subdivision 4, is amended to read:

Subd. 4. [THE WARRANT.] Each warrant to intercept communications shall be directed to a law enforcement officer, commanding the officer to hold the recording of all intercepted communications conducted under said warrant in custody subject to the further order of the court issuing the warrant. The warrant shall contain the grounds for its issuance with findings, as to the existence of the matters contained in subdivision 1 and shall also specify:

(a) the identity of the person, if known, whose communications are to be intercepted and recorded;

(b) the nature and location of the communications facilities as to which, or the place where, authority to intercept is granted, and in the case of telephone or telegraph communications the general designation of the particular line or lines involved;

(c) a particular description of the type of communication sought to be intercepted, and a statement of the particular offense to which it relates;

(d) the identity of the law enforcement office or agency authorized to intercept the communications, the name of the officer or officers thereof authorized to intercept communications, and of the person authorizing the application;

(e) the period of time during which such interception is authorized, including a statement as to whether or not the interception shall automatically terminate when the described communication has been first obtained;

(f) any other limitations on the interception of communications being authorized, for the protection of the rights of third persons;

(g) a statement that using, divulging, or disclosing any information concerning such application and warrant for intercepting communications is prohibited and that any violation is punishable by the penalties of this chapter.

(h) a statement that the warrant shall be executed as soon as practicable, shall be executed in such a way as to minimize the interception of communications not otherwise subject to interception under this chapter and must terminate upon attainment of the authorized objective, or in any event in ~~ten~~ *30* days. The ~~ten-day~~ *30-day* period begins on the earlier of the day on which the investigative or law enforcement officer first begins to conduct an interception under the order or ten days after the order is received. In the event the intercepted communication is in a code or foreign language, and an expert in that foreign language or code is not reasonably available during the interception period, minimization may be accomplished as soon as practicable after such interception.

An order authorizing the interception of a wire, oral, or electronic communication under this chapter must, upon request of the applicant, direct that a provider of wire or electronic communication service, landlord, custodian, or other person shall furnish the applicant immediately all information, facilities, and technical assistance necessary to accomplish the interception unobtrusively and with a minimum of interference with the services that the service provider, landlord, custodian, or person is according the person whose communications are to be intercepted. A provider of wire or electronic communication service, landlord, custodian, or other person furnishing facilities or technical assistance must be compensated by the applicant for reasonable expenses incurred in providing the facilities or assistance.

Denial of an application for a warrant to intercept communications or of an application for renewal of such warrant shall be by written order that shall include a statement as to the offense or offenses designated in the application, the identity of the official applying for the warrant and the name of the law enforcement office or agency.

Sec. 17. Minnesota Statutes 1992, section 626A.06, subdivision 5, is amended to read:

Subd. 5. [DURATION OF WARRANT.] No warrant entered under this section may authorize or approve the interception of any wire, electronic, or oral communication for any period longer than is necessary to achieve the objective of the authorization, nor in any event longer than ~~ten~~ *30* days.

The effective period of any warrant for intercepting communications shall terminate immediately when any person named in the warrant has been charged with an offense specified in the warrant.

Sec. 18. Minnesota Statutes 1992, section 626A.06, subdivision 6, is amended to read:

Subd. 6. [EXTENSIONS.] Any judge of the district court, of the court of appeals, or of the supreme court may grant extensions of a warrant, but only upon application for an extension made in accordance with subdivision 1 and the court making the findings required by subdivision 3. The period of extension shall be no longer than the authorizing judge deems necessary to achieve the purposes for which it was granted and in no event for longer than ~~ten~~ *30* days. In addition to satisfying the requirements of subdivision 1, an

application for ~~a renewal~~ *an extension* of any warrant for intercepting communications shall also:

(a) contain a statement that all interception of communications under prior warrants has been in compliance with this chapter;

(b) contain a statement setting forth the results thus far obtained from the interception or a reasonable explanation of the failure to obtain results;

(c) state the continued existence of the matters contained in subdivision 1; and

(d) specify the facts and circumstances of the interception of communications under prior warrants which are relied upon by the applicant to show that such continued interception of communications is necessary and in the public interest.

~~Any application to intercept communications of a person previously the subject of such a warrant for any offense designated in a prior warrant shall constitute a renewal of such warrant.~~

Sec. 19. Minnesota Statutes 1992, section 626A.10, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF ORDER.] Within a reasonable time but not later than 90 days after the termination of the period of a warrant or extensions thereof, the issuing or denying judge shall cause to be served, on the persons named in the warrant and the application, and such other parties to intercepted communications as the judge may determine that is in the interest of justice, an inventory which shall include notice of:

(1) the fact of the issuance of the warrant or the application;

(2) the date of the issuance and the period of authorized, approved or disapproved interception, or the denial of the application; and

(3) the fact that during the period wire, electronic, or oral communications were or were not intercepted.

On an ex parte showing to a court of competent jurisdiction that there is a need to continue the investigation and that the investigation would be harmed by service of the inventory at this time, service of the inventory required by this subdivision may be postponed for an additional 90-day period.

Sec. 20. Minnesota Statutes 1992, section 626A.11, subdivision 1, is amended to read:

Subdivision 1. [ILLEGALLY OBTAINED EVIDENCE INADMISSIBLE.] Evidence obtained by any act of intercepting wire, oral, or electronic communications, in violation of section 626A.02, and all evidence obtained through or resulting from information obtained by any such act, shall be inadmissible for any purpose in any action, proceeding, or hearing; provided, however, that*: (1)* any such evidence shall be admissible in any civil or criminal action, proceeding, or hearing against the person who has, or is alleged to have, violated this chapter*; and (2) any evidence obtained by a lawfully executed warrant to intercept wire, oral, or electronic communications issued by a federal court or by a court of competent jurisdiction of another state shall be admissible in any civil or criminal proceeding.*

Sec. 21. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the reference "473.407" for the reference "629.40, subdivision 5" in Minnesota Statutes, section 352.01, subdivision 2b, clause (34).

Sec. 22. [REPEALER.]

Minnesota Statutes 1992, section 214.10, subdivisions 4, 5, 6, and 7, are repealed.

Minnesota Statutes 1992, section 629.40, subdivision 5, is repealed.

Sec. 23. [APPLICATION.]

Sections 473.407 and the repeal of section 629.40, subdivision 5, apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 8

CORRECTIONS

Section 1. Minnesota Statutes 1992, section 16B.08, subdivision 7, is amended to read:

Subd. 7. [SPECIFIC PURCHASES.] (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

(1) merchandise for resale at state park refectories or facility operations;

(2) farm and garden products, which may be sold at the prevailing market price on the date of the sale;

(3) meat for other state institutions from the technical college maintained at Pipestone by independent school district No. 583; and

(4) ~~furniture~~ *products and services* from the Minnesota correctional facilities.

(b) Supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services may be purchased or rented without regard to the competitive bidding requirements of this chapter.

(c) Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:

(1) the hospital's governing authority authorizes the arrangement;

(2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and

(3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

Sec. 2. Minnesota Statutes 1992, 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 psychological practitioners with respect to the use of hypnosis; provided that the person confines activities within the scope of the license.

(10) A person 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.

(12) A physician licensed to practice medicine in another state who is in this state for the sole purpose of providing medical services at a competitive

athletic event. The physician may practice medicine only on participants in the athletic event. 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 adopt the contents of the form by rule. The physician shall provide evidence satisfactory to the board of a current unrestricted license in another state. The board shall charge a fee of $50 for the registration.

(13) A psychologist licensed under section 148.91 or a social worker licensed under section 148B.21 who uses or supervises the use of a penile or vaginal plethysmograph in assessing and treating individuals suspected of engaging in aberrant sexual behavior and sex offenders.

Sec. 3. Minnesota Statutes 1992, section 241.09, is amended to read:

241.09 [UNCLAIMED MONEY OR PERSONAL PROPERTY OF INMATES OF CORRECTIONAL FACILITIES.]

Subdivision 1. [MONEY.] When the chief executive officer of any state correctional facility under the jurisdiction of the commissioner of corrections obtains money belonging to inmates of the facility who have died, been released or escaped, and the chief executive officer knows no claimant or person entitled to it, the chief executive officer shall, if the money is unclaimed within ~~two years~~ *six months*, deposit it in the inmate social welfare fund for the benefit of the inmates of the facility. No money shall be so deposited until it has remained unclaimed for at least ~~two years~~ *six months*. If, at any time after the expiration of the ~~two years~~ *six months*, the inmate or the legal heirs appear and make proper proof of identity or heirship, the inmate or heirs are entitled to receive from the state treasurer any money belonging to the inmate and deposited in the inmate social welfare fund pursuant to this subdivision.

Subd. 2. [UNCLAIMED PERSONAL PROPERTY.] When any inmate of a state correctional facility under the jurisdiction of the commissioner of corrections has died, been released or escaped therefrom leaving in the custody of the chief executive officer thereof personal property, other than money, which remains unclaimed for a period of ~~two years~~ *90 days*, and the chief executive officer knows no person entitled to it, the chief executive officer or the chief executive officer's agent may sell or otherwise dispose of the property in the manner provided by law for the sale or disposition of state property. The proceeds of any sale, after deduction of the costs shall be deposited in the inmate social welfare fund for expenditure as provided in subdivision 1. Any inmate whose property has been sold under this subdivision, or heirs of the inmate, may file with, and make proof of ownership to, the chief executive officer of the institution who caused the sale of the property within two years after the sale, and, upon satisfactory proof to the chief executive officer, the chief executive officer shall certify to the state treasurer the amount received by the sale of such property for payment to the inmate or heirs. No suit shall be brought for damages consequent to the disposal of personal property or use of money in accordance with this section against the state or any official, employee, or agent thereof.

Sec. 4. Minnesota Statutes 1992, section 241.26, subdivision 5, is amended to read:

Subd. 5. [EARNINGS; WORK RELEASE ACCOUNT.] The net earnings of each inmate participating in the work release program provided by this section may be collected by or forwarded to the commissioner of corrections

for deposit to the account of the inmate in the work release account in the state treasury, or the inmate may be permitted to collect, retain, and expend the net earnings from the inmate's employment under rules established by the commissioner of corrections. The money collected by or forwarded to the commissioner under the rules shall remain under the control of the commissioner for the sole benefit of the inmate. *After making deductions for the payment of state and local taxes, if necessary, and for repayment of advances and gate money as provided in section 243.24,* wages under the control of the commissioner and wages retained by the inmate may be disbursed by the commissioner or expended by the inmate for the following purposes and in the following order:

(1) The cost of the inmate's keep as determined by subdivision 7, which money shall be deposited in the general fund of the state treasury if the inmate is housed in a state correctional facility, or shall be paid directly to the place of confinement as designated by the commissioner pursuant to subdivision 1;

(2) Necessary travel expense to and from work and other incidental expenses of the inmate;

(3) Support of inmate's dependents, if any;

(4) Court-ordered restitution, if any;

(5) *Fines, surcharges, or other fees assessed or ordered by the court;*

(6) Contribution to any programs established by law to aid victims of crime, provided that the contribution must not be more than 20 percent of the inmate's gross wages;

~~(6)~~ *(7)* Restitution to the commissioner of corrections ordered by a prison disciplinary hearing officer for damage to property caused by an inmate's conduct;

~~(7)~~ *(8)* After the above expenditures, the inmate shall have discretion to direct payment of the balance, if any, upon proper proof of personal legal debts;

~~(8)~~ *(9)* The balance, if any, shall be disbursed to the inmate as provided in section 243.24, subdivision 1.

The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was court ordered as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. All money in the work release account are appropriated annually to the commissioner of corrections for the purposes of the work release program.

Sec. 5. Minnesota Statutes 1992, section 241.67, subdivision 1, is amended to read:

Subdivision 1. [SEX OFFENDER TREATMENT.] A sex offender treatment system is established under the administration of the commissioner of corrections to provide and finance a range of sex offender treatment programs for eligible adults and juveniles. Offenders who are eligible to receive treatment, within the limits of available funding, are:

(1) adults and juveniles committed to the custody of the commissioner;

(2) adult offenders for whom treatment is required by the court as a condition of probation; *and*

(3) juvenile offenders who have been found delinquent or received a stay of adjudication, for whom the juvenile court has ordered treatment; ~~and~~

~~(4) adults and juveniles who are eligible for community based treatment under the sex offender treatment fund established in section 241.671~~.

Sec. 6. Minnesota Statutes 1992, section 241.67, subdivision 2, is amended to read:

Subd. 2. [TREATMENT PROGRAM STANDARDS.] (a) The commissioner shall adopt rules under chapter 14 for the certification of adult and juvenile sex offender treatment programs in state and local correctional facilities *and state-operated adult and juvenile sex offender treatment programs not operated in state or local correctional facilities*. The rules shall require that sex offender treatment programs be at least four months in duration. A correctional facility may not operate a sex offender treatment program unless the program has met the standards adopted by and been certified by the commissioner of corrections. As used in this subdivision, "correctional facility" has the meaning given it in section 241.021, subdivision 1, clause (5).

(b) ~~By July 1, 1994, the commissioner shall adopt rules under chapter 14 for the certification of community based adult and juvenile sex offender treatment programs not operated in state or local correctional facilities.~~

~~(c)~~ In addition to other certification requirements established under ~~paragraphs~~ *paragraph* (a) ~~and (b), rules adopted by~~ the commissioner must require all ~~certified~~ programs *certified under this subdivision* to participate in ~~an~~ *the sex offender program* ~~ongoing outcome based~~ evaluation ~~and quality management system~~ *project* established by the commissioner *under section 3*.

Sec. 7. Minnesota Statutes 1992, section 241.67, is amended by adding a subdivision to read:

Subd. 8. [COMMUNITY-BASED SEX OFFENDER PROGRAM EVALUATION PROJECT.] *(a) For the purposes of this project, a sex offender is an adult who has been convicted, or a juvenile who has been adjudicated, for a sex offense or a sex-related offense and has been sentenced to sex offender treatment as a condition of probation.*

(b) The commissioner shall develop a long-term project to accomplish the following:

(1) provide follow-up information on each sex offender for a period of three years following the offender's completion of or termination from treatment;

(2) provide treatment programs in several geographical areas in the state;

(3) provide the necessary data to form the basis to recommend a fiscally sound plan to provide a coordinated statewide system of effective sex offender treatment programming; and

(4) provide an opportunity to local and regional governments, agencies, and programs to establish models of sex offender programs that are suited to the needs of that region.

(c) The commissioner shall provide the legislature with an annual report of the data collected and the status of the project by October 15 of each year, beginning in 1993.

(d) The commissioner shall establish an advisory task force consisting of county probation officers from community corrections act counties and other counties, court services providers, and other interested officials. The commissioner shall consult with the task force concerning the establishment and operation of the project.

Sec. 8. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2~~.~~ *The commissioner shall first make deductions for the following expenses: federal and state taxes; repayment of advances; gate money as provided in section 243.24; and, where applicable, mandatory savings as provided by United States Code, title 18, section 1761, as amended. The commissioner's rules may then provide for disbursements to be made in the following order of priority:*

(1) for the support of families and dependent relatives of the respective inmates~~,~~*;*

(2) for the payment of court-ordered restitution~~,~~*;*

(3) for payment of fines, surcharges, or other fees assessment or ordered by a court;

(4) for contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages~~,~~*;*

(5) for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct~~,~~*;* and

(6) for the discharge of any legal obligations arising out of litigation under this subdivision.

The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was court ordered as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 9. Minnesota Statutes 1992, section 244.05, is amended by adding a subdivision to read:

Subd. 8. [CONDITIONAL MEDICAL RELEASE.] *The commissioner may order that an offender be placed on conditional medical release before the offender's scheduled supervised release date or target release date if the offender suffers from a grave illness or medical condition and the release poses no threat to the public. In making the decision to release an offender on this status, the commissioner must consider the offender's age and medical condition, the health care needs of the offender, the offender's custody classification and level of risk of violence, the appropriate level of community supervision, and alternative placements that may be available for the offender. An inmate may not be released under this provision unless the commissioner has determined that the inmate's health costs are likely to be borne by medical assistance, Medicaid, general assistance medical care, veteran's benefits, or by any other federal or state medical assistance programs or by the inmate. Conditional medical release is governed by provisions relating to supervised release except that it may be rescinded without hearing by the commissioner if the offender's medical condition improves to the extent that the continuation of the conditional medical release presents a more serious risk to the public.*

Sec. 10. Minnesota Statutes 1992, section 244.17, subdivision 3, is amended to read:

Subd. 3. [OFFENDERS NOT ELIGIBLE.] The following offenders are not eligible to be placed in the challenge incarceration program:

(1) offenders who are committed to the commissioner's custody following a conviction for murder, manslaughter, criminal sexual conduct, assault, kidnapping, robbery, arson, or any other offense involving death or *intentional* personal injury; and

(2) offenders who ~~previously~~ were convicted *within the preceding ten years* of an offense described in clause (1) and were committed to the custody of the commissioner.

Sec. 11. Minnesota Statutes 1992, section 244.172, subdivision 1, is amended to read:

Subdivision 1. [PHASE I.] Phase I of the program lasts at least six months. The offender must be confined in a state correctional facility designated by the commissioner and must successfully participate in all intensive treatment, education and work programs required by the commissioner. The offender must also submit on demand to random drug and alcohol testing at time intervals set by the commissioner. ~~For the first three months of phase I, the offender may not receive visitors or telephone calls, except under emergency circumstances.~~ *Throughout phase I, the commissioner must severely restrict the offender's telephone and visitor privileges.*

Sec. 12. Minnesota Statutes 1992, section 244.172, subdivision 2, is amended to read:

Subd. 2. [PHASE II.] Phase II of the program lasts at least six months. The offender shall serve this phase of the offender's sentence in an intensive supervision and surveillance program established by the commissioner. The commissioner may impose such requirements on the offender as are necessary to carry out the goals of the program. *Throughout phase II,* the offender must be required to submit to ~~daily~~ drug and alcohol tests ~~for the first three months; biweekly tests for the next two months; and weekly tests for the remainder of~~

~~phase II~~ *randomly or for cause, on demand of the supervising agent.* The commissioner shall also require the offender to report daily to a day-reporting facility designated by the commissioner. In addition, if the commissioner required the offender to undergo acupuncture during phase I, the offender must ~~continue to~~ submit to acupuncture treatment throughout phase II, *on demand of the supervising agent.*

Sec. 13. Minnesota Statutes 1992, section 260.185, subdivision 1, is amended to read:

Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or the parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) a child placing agency; or

(2) the county welfare board; or

(3) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16; or

(4) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) Transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage;

(f) Require the child to pay a fine of up to $700; the court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(g) If the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's

18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

If the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court ~~may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider~~ *must be experienced in the evaluation and treatment of juvenile sex offenders.* If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

(1) medical data under section 13.42;

(2) corrections and detention data under section 13.85;

(3) health records under section 144.335;

(4) juvenile court records under section 260.161; and

(5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) why the best interests of the child are served by the disposition ordered; and

(b) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

Sec. 14. Minnesota Statutes 1992, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the

period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

(1) That the plaintiff is within the age of 18 years;

(2) The plaintiff's insanity;

(3) ~~The plaintiff's imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than the plaintiff's natural life;~~

~~(4)~~ Is an alien and the subject or citizen of a country at war with the United States;

~~(5)~~ *(4)* When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than seven years, or for more than one year after the disability ceases.

For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.

Sec. 15. Minnesota Statutes 1992, section 631.41, is amended to read:

631.41 [REQUIRING THE COURT ADMINISTRATOR TO DELIVER TRANSCRIPT OF MINUTES OF SENTENCE TO SHERIFF.]

When a person convicted of an offense is sentenced to pay a fine or costs~~,~~ or to be imprisoned in the county jail, or *committed to* the ~~Minnesota correctional facility-Stillwater~~ *commissioner of corrections*, the court administrator shall, as soon as possible, make out and deliver to the sheriff or a deputy a transcript from the minutes of the court of the conviction and sentence. A duly certified transcript is sufficient authority for the sheriff to execute the sentence. Upon receiving the transcript, the sheriff shall execute the sentence.

Sec. 16. [TRANSFER.]

Positions classified as sentencing to service crew leader and one sentencing to service supervisor in the department of natural resources are transferred to the Minnesota department of corrections under Minnesota Statutes, section 15.039. Nothing in this section is intended to abrogate or modify any rights now enjoyed by affected employees under terms of an agreement between an exclusive bargaining representative and the state or one of its appointing authorities.

Sec. 17. [REPEALER.]

Minnesota Statutes 1992, sections 241.25; 241.67, subdivision 5; and 241.671, are repealed.

ARTICLE 9

NEW FELONY SENTENCING LAW

Section 1. Minnesota Statutes 1992, section 243.18, subdivision 2, is amended to read:

Subd. 2. [WORK REQUIRED; *GOOD TIME.*] *This subdivision applies only to inmates whose crimes were committed before August 1, 1993.* An inmate for whom a work assignment is available may not earn good time under subdivision 1 for any day on which the inmate does not perform the work assignment. The commissioner may excuse an inmate from work only for illness, physical disability, or to participate in an education or treatment program.

Sec. 2. Minnesota Statutes 1992, section 243.18, is amended by adding a subdivision to read:

Subd. 2a. [WORK REQUIRED; DISCIPLINARY CONFINEMENT.] *This subdivision applies only to inmates whose crimes were committed on or after August 1, 1993. The commissioner shall impose a disciplinary confinement period of two days for each day on which a person for whom a work assignment is available does not perform the work assignment. The commissioner may excuse an inmate from work only for illness, physical disability, or to participate in an education or treatment program.*

Sec. 3. Minnesota Statutes 1992, section 244.01, subdivision 8, is amended to read:

Subd. 8. "Term of imprisonment," as applied to inmates whose crimes were committed before August 1, 1993, is the period of time ~~to~~ *for* which an inmate is committed to the custody of the commissioner of corrections minus earned good time. "Term of imprisonment," as applied to inmates whose crimes were committed on or after August 1, 1993, is the period of time ~~which an inmate is ordered to serve in prison by the sentencing court, plus any disciplinary confinement period imposed by the commissioner under section 244.05, subdivision 1b~~ *equal to two-thirds of the inmate's executed sentence.*

Sec. 4. Minnesota Statutes 1992, section 244.01, is amended by adding a subdivision to read:

Subd. 9. [EXECUTED SENTENCE.] *"Executed sentence" means the total period of time for which an inmate is committed to the custody of the commissioner of corrections.*

Sec. 5. Minnesota Statutes 1992, section 244.05, subdivision 1b, is amended to read:

Subd. 1b. [SUPERVISED RELEASE; OFFENDERS WHO COMMIT CRIMES ON OR AFTER AUGUST 1, 1993.] (a) Except as provided in subdivisions 4 and 5, every inmate sentenced to prison for a felony offense committed on or after August 1, 1993, shall serve a supervised release term upon completion of the *inmate's* term of imprisonment ~~pronounced by the sentencing court under section 244.101~~ and any disciplinary confinement period imposed by the commissioner due to the inmate's violation of any

disciplinary offense rule adopted by the commissioner under paragraph (b). The *amount of time the inmate serves on* supervised release ~~term~~ shall be equal in length to the amount of time remaining in the inmate's ~~imposed~~ *executed* sentence after the inmate has served the ~~pronounced~~ term of imprisonment and any disciplinary confinement period imposed by the commissioner.

(b) By August 1, 1993, the commissioner shall modify the commissioner's existing disciplinary rules to specify disciplinary offenses which may result in imposition of a disciplinary confinement period and the length of the disciplinary confinement period for each disciplinary offense. These disciplinary offense rules may cover violation of institution rules, refusal to work, refusal to participate in treatment or other rehabilitative programs, and other matters determined by the commissioner. No inmate who violates a disciplinary rule shall be placed on supervised release until the inmate has served the disciplinary confinement period or until the inmate is discharged or released from punitive segregation confinement, whichever is later. The imposition of a disciplinary confinement period shall be considered to be a disciplinary sanction imposed upon an inmate, and the procedure for imposing the disciplinary confinement period and the rights of the inmate in the procedure shall be those in effect for the imposition of other disciplinary sanctions at each state correctional institution.

Sec. 6. Minnesota Statutes 1992, section 244.101, is amended to read:

244.101 [SENTENCING OF FELONY OFFENDERS WHO COMMIT OFFENSES ON AND AFTER AUGUST 1, 1993.]

Subdivision 1. [~~SENTENCING AUTHORITY~~ *EXECUTED SENTENCES.*] When a felony offender is sentenced to a fixed executed ~~prison~~ sentence for an offense committed on or after August 1, 1993, the *executed* sentence ~~pronounced by the court shall consist~~ *consists* of two parts: (1) a specified minimum term of imprisonment *that is equal to two-thirds of the executed sentence*; and (2) a specified maximum supervised release term that is ~~one-half of the minimum term of imprisonment~~ *equal to one-third of the executed sentence*. The ~~lengths of the term of imprisonment and the supervised release term actually served by an inmate are~~ *amount of time the inmate actually serves in prison and on supervised release is* subject to the provisions of section 244.05, subdivision 1b.

Subd. 2. [EXPLANATION OF SENTENCE.] When a court pronounces *an executed* sentence under this section, it shall ~~specify~~ *explain: (1) the total length of the executed sentence; (2)* the amount of time the defendant will serve in prison; and *(3)* the amount of time the defendant will serve on supervised release, assuming the defendant commits no disciplinary offense in prison that ~~may result~~ *results* in the imposition of a disciplinary confinement period. The court shall also explain that the ~~defendant's term of imprisonment~~ *amount of time the defendant actually serves in prison* may be extended by the commissioner if the defendant commits any disciplinary offenses in prison and that this extension could result in the defendant's serving the entire ~~pronounced~~ *executed* sentence in prison. The court's explanation shall be included in ~~the sentencing order~~ *a written summary of the sentence*.

Subd. 3. [NO RIGHT TO SUPERVISED RELEASE.] Notwithstanding the court's ~~specification~~ *explanation* of the potential length of a defendant's supervised release term ~~in the sentencing order~~, the court's ~~order~~ *explanation*

creates no right of a defendant to any specific, minimum length of a supervised release term.

Subd. 4. [APPLICATION OF STATUTORY MANDATORY MINIMUM SENTENCES.] If the defendant is convicted of any offense for which a statute imposes a mandatory minimum sentence ~~or term~~ of imprisonment, the statutory mandatory minimum sentence ~~or term~~ governs the length of the entire *executed* sentence pronounced by the court under this section.

Sec. 7. Minnesota Statutes 1992, section 244.14, subdivision 2, is amended to read:

Subd. 2. [GOOD TIME NOT AVAILABLE.] An offender serving a sentence on intensive community supervision *for a crime committed before August 1, 1993,* does not earn good time, notwithstanding section 244.04.

Sec. 8. Minnesota Statutes 1992, section 244.171, subdivision 3, is amended to read:

Subd. 3. [GOOD TIME NOT AVAILABLE.] An offender in the challenge incarceration program *whose crime was committed before August 1, 1993,* does not earn good time during phases I and II of the program, notwithstanding section 244.04.

Sec. 9. Minnesota Statutes 1992, section 609.346, subdivision 5, is amended to read:

Subd. 5. [~~SUPERVISED~~ *CONDITIONAL* RELEASE OF SEX OFFENDERS.] (a) Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, ~~any person who is sentenced~~ *when a court sentences a person* to prison for a violation of section 609.342, 609.343, 609.344, or 609.345 ~~must be sentenced to serve a supervised release term as provided in this subdivision. The court shall sentence a person convicted for a violation of section 609.342, 609.343, 609.344, or 609.345 to serve a supervised release term of not less than five years.~~, the court shall ~~sentence a~~ *provide that after the person has completed the sentence imposed, the commissioner of corrections shall place the person on conditional release. If the person was convicted for a violation of section 609.342, 609.343, 609.344, or 609.345, the person shall be placed on conditional release for five years, minus the time the person served on supervised release. If the* person *was* convicted for a violation of one of those sections a second or subsequent time, or sentenced under subdivision 4 to a mandatory departure, ~~to serve a supervised release term of not less than~~ *the person shall be placed on conditional release for* ten years, *minus the time the person served on supervised release.*

(b) ~~The commissioner of corrections shall set the level of supervision for offenders subject to this section based on the public risk presented by the offender.~~ *The conditions of release may include successful completion of treatment and aftercare in a program approved by the commissioner, satisfaction of the release conditions specified in section 244.05, subdivision 6, and any other conditions the commissioner considers appropriate. If the offender fails to meet any condition of release, the commissioner may revoke the offender's conditional release and order that the offender serve the remaining portion of the conditional release term in prison. The commissioner shall not dismiss the offender from supervision before the conditional release term expires.*

Conditional release under this subdivision is governed by provisions relating to supervised release, except as otherwise provided in this subdivision, section 244.04, subdivision 1, or 244.05.

(c) The commissioner shall pay the cost of treatment of a person released under this subdivision. This section does not require the commissioner to accept or retain an offender in a treatment program.

ARTICLE 10

PROBATION

Section 1. Minnesota Statutes 1992, section 243.166, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] A person shall ~~comply with~~ *register under* this section ~~after being released from prison~~ if:

(1) the person was ~~sentenced to imprisonment following a conviction for kidnapping under section 609.25, criminal sexual conduct under section 609.342, 609.343, 609.344, or 609.345, solicitation of children to engage in sexual conduct under section 609.352, use of minors in a sexual performance under section 617.246, or solicitation of children to practice prostitution under section 609.322, and the offense was committed against a victim who was a minor;~~

~~(2) the person is not now required to register under section 243.165; and~~

~~(3) ten years have not yet elapsed since the person was released from imprisonment~~ *charged with a felony violation of or attempt to violate any of the following, and convicted of that offense or of another offense arising out of the same set of circumstances:*

(i) murder under section 609.185, clause (2);

(ii) kidnapping under section 609.25, involving a minor victim; or

(iii) criminal sexual conduct under section 609.342, subdivision 1, paragraph (a), (b), (c), (d), (e), or (f); 609.343, subdivision 1, paragraph (a), (b), (c), (d), (e), or (f); 609.344, subdivision 1, paragraph (c), or (d); or 609.345, subdivision 1, paragraph (c), or (d); or

(2) the person was convicted of a predatory crime as defined in section 609.1352, and the offender was sentenced as a patterned sex offender or the court found on its own motion or that of the prosecutor that the crime was part of a predatory pattern of behavior that had criminal sexual conduct as its goal.

Sec. 2. Minnesota Statutes 1992, section 243.166, subdivision 2, is amended to read:

Subd. 2. [NOTICE.] When a person who is required to register under this section is ~~released~~ *sentenced*, the ~~commissioner of corrections~~ *court* shall tell the person of the duty to register under ~~section 243.165 and~~ this section. The ~~commissioner~~ *court* shall require the person to read and sign a form stating that the duty of the person to register under this section has been explained. ~~The commissioner shall obtain the address where the person expects to reside upon release and shall report within three days the address to the bureau of criminal apprehension. The commissioner shall give one copy of the form to~~

~~the person, and shall send one copy to the bureau of criminal apprehension and one copy to the appropriate law enforcement agency having local jurisdiction where the person expects to reside upon release.~~

Sec. 3. Minnesota Statutes 1992, section 243.166, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION PROCEDURE.] (a) The person shall~~, within 14 days after the end of the term of supervised release,~~ register with the ~~probation officer~~ *corrections agent as soon as the agent is* assigned to the person ~~at the end of that term~~.

(b) If the person changes residence address, the person shall give the new address to the *current or* last assigned ~~probation officer~~ *corrections agent* in writing within ten days. *An offender is deemed to change addresses when the offender remains at a new address for longer than two weeks and evinces an intent to take up residence there.* The ~~probation officer~~ *agent* shall, within three *business* days after receipt of this information, forward it to the bureau of criminal apprehension.

Sec. 4. Minnesota Statutes 1992, section 243.166, subdivision 4, is amended to read:

Subd. 4. [CONTENTS OF REGISTRATION.] The registration provided to the ~~probation officer~~ *corrections agent* must consist of a statement in writing signed by the person, giving information required by the bureau of criminal apprehension, and a fingerprint card and photograph of the person if these have not already been obtained in connection with the offense that triggers registration. Within three days, the ~~probation officer~~ *corrections agent* shall forward the statement, fingerprint card, and photograph to the bureau of criminal apprehension. *The bureau shall send one copy to the appropriate law enforcement authority that will have jurisdiction where the person will reside on release or discharge.*

Sec. 5. Minnesota Statutes 1992, section 243.166, subdivision 6, is amended to read:

Subd. 6. [REGISTRATION PERIOD.] (a) Notwithstanding the provisions of section 609.165, subdivision 1, a person required to register under this section shall continue to comply with this section until ten years have elapsed since the person was ~~released from imprisonment~~ *initially assigned to a corrections agent in connection with the offense, or until the probation, supervised release, or conditional release period expires, whichever occurs later.*

(b) If a person required to register under this section fails to register following a change in address, the commissioner of public safety may require the person to continue to register for an additional period of five years.

Sec. 6. Minnesota Statutes 1992, section 243.166, is amended by adding a subdivision to read:

Subd. 8. [LAW ENFORCEMENT AUTHORITY.] *For purposes of this section, a law enforcement authority means, with respect to a home rule charter or statutory city, the chief of police, and with respect to an unincorporated area, the sheriff of the county.*

Sec. 7. Minnesota Statutes 1992, section 243.166, is amended by adding a subdivision to read:

Subd. 9. [PRISONERS FROM OTHER STATES.] *When the state accepts a prisoner from another state under a reciprocal agreement under the interstate compact authorized by section 243.16, the acceptance is conditional on the offender agreeing to register under this section when the offender is living in Minnesota following a term of imprisonment if any part of that term was served in this state.*

Sec. 8. Minnesota Statutes 1992, section 299C.46, is amended by adding a subdivision to read:

Subd. 5. [DIVERSION PROGRAM DATA.] *Counties operating diversion programs under section 11 shall supply to the bureau of criminal apprehension the names of and other identifying data specified by the bureau concerning diversion program participants. Notwithstanding section 299C.11, the bureau shall maintain the names and data in the computerized criminal history system for 20 years from the date of the offense. Data maintained under this subdivision are private data.*

Sec. 9. Minnesota Statutes 1992, section 299C.54, is amended by adding a subdivision to read:

Subd. 3a. [COLLECTION OF DATA.] *Identifying information on missing children entered into the NCIC computer regarding cases that are still active at the time the missing children bulletin is compiled each quarter may be included in the bulletin.*

Sec. 10. Minnesota Statutes 1992, section 401.02, subdivision 4, is amended to read:

Subd. 4. [DETAINING PERSON ON CONDITIONAL RELEASE.] (a) Probation officers serving the district and juvenile courts of counties participating in the subsidy program established by this chapter may, without order or warrant, when it appears necessary to prevent escape or enforce discipline, take and detain a probationer, or any person on conditional release and bring that person before the court or the commissioner of corrections or a designee, whichever is appropriate, for disposition. No probationer or other person on conditional release shall be detained more than 72 hours, exclusive of legal holidays, Saturdays and Sundays, pursuant to this subdivision without being provided with the opportunity for a hearing before the court or the commissioner of corrections or a designee. When providing supervision and other correctional services to persons conditionally released pursuant to sections 241.26, 242.19, 243.05, 243.16, 244.05, and 244.065, including intercounty transfer of persons on conditional release, and the conduct of presentence investigations, participating counties shall comply with the policies and procedures relating thereto as prescribed by the commissioner of corrections.

(b) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person under sentence or on probation who:

(1) fails to report to serve a sentence at a local correctional facility, as defined in section 241.021, subdivision 1;

(2) fails to return from furlough or authorized temporary release from a local correctional facility;

(3) escapes from a local correctional facility; or

(4) absconds from court-ordered home detention.

(c) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person on a court authorized pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

Sec. 11. [401.065] [PRETRIAL DIVERSION PROGRAMS.]

Subdivision 1. [DEFINITION.] *As used in this section:*

(1) "offender" means a person who:

(i) is charged with a felony, gross misdemeanor, or misdemeanor crime, other than a crime against the person, but who has not yet entered a plea in the proceedings;

(ii) has not previously been convicted as an adult in Minnesota or any other state of any crime against the person; and

(iii) has not previously been charged with a crime as an adult in Minnesota and then had charges dismissed as part of a diversion program, including a program that existed before July 1, 1994; and

(2) "pretrial diversion" means the decision of a prosecutor to refer an offender to a diversion program on condition that the criminal charges against the offender will be dismissed after a specified period of time if the offender successfully completes the program.

Subd. 2. [ESTABLISHMENT OF PROGRAM.] *By July 1, 1994, every county attorney of a county participating in the community corrections act shall establish a pretrial diversion program for adult offenders. If the county attorney's county participates in the community corrections act as part of a group of counties under section 401.02, the county attorney may establish a pretrial diversion program in conjunction with other county attorneys in that group of counties. The program must be designed and operated to further the following goals:*

(1) to provide eligible offenders with an alternative to confinement and a criminal conviction;

(2) to reduce the costs and caseload burdens on district courts and the criminal justice system;

(3) to minimize recidivism among diverted offenders;

(4) to promote the collection of restitution to the victim of the offender's crime; and

(5) to develop responsible alternatives to the criminal justice system for eligible offenders.

Subd. 3. [PROGRAM COMPONENTS.] *A diversion program established under this section may:*

(1) provide screening services to the court and the prosecuting authorities to help identify likely candidates for pretrial diversion;

(2) establish goals for diverted offenders and monitor performance of these goals;

(3) perform chemical dependency assessments of diverted offenders where indicated, make appropriate referrals for treatment, and monitor treatment and aftercare;

(4) provide individual, group, and family counseling services;

(5) oversee the payment of victim restitution by diverted offenders;

(6) assist diverted offenders in identifying and contacting appropriate community resources;

(7) provide educational services to diverted offenders to enable them to earn a high school diploma or GED; and

(8) provide accurate information on how diverted offenders perform in the program to the court, prosecutors, defense attorneys, and probation officers.

Subd. 4. [REPORTS.] *By January 1, 1995, and biennially thereafter, each county attorney shall report to the department of corrections and the legislature on the operation of a pretrial diversion program required by this section. The report shall include a description of the program, the number of offenders participating in the program, the number and characteristics of the offenders who successfully complete the program, the number and characteristics of the offenders who fail to complete the program, and an evaluation of the program's effect on the operation of the criminal justice system in the county.*

Sec. 12. Minnesota Statutes 1992, section 609.135, subdivision 1a, is amended to read:

Subd. 1a. [FAILURE TO PAY RESTITUTION *OR FINE.*] If the court orders payment of restitution *or a fine* as a condition of probation and if the defendant fails to pay the restitution *or a fine* in accordance with the payment schedule or structure established by the court or the probation officer, the *prosecutor or the* defendant's probation officer may, on *the prosecutor's or* the officer's own motion or at the request of the victim, ask the court to hold a hearing to determine whether or not the conditions of probation should be changed or probation should be revoked. The defendant's probation officer shall ask for the hearing if the restitution *or fine* ordered has not been paid prior to 60 days before the term of probation expires. The court shall schedule and hold this hearing and take appropriate action, including action under subdivision 2, paragraph ~~(f)~~ *(g)*, before the defendant's term of probation expires.

Sec. 13. Minnesota Statutes 1992, section 609.135, subdivision 2, is amended to read:

Subd. 2. (a) If the conviction is for a felony the stay shall be for not more than three years or the maximum period for which the sentence of imprisonment might have been imposed, whichever is longer.

(b) If the conviction is for a gross misdemeanor violation of section 169.121 or 169.129, the stay shall be for not more than three years. The court shall provide for unsupervised probation for the last one year of the stay unless the court finds that the defendant needs supervised probation for all or part of the last one year.

(c) If the conviction is for a gross misdemeanor not specified in paragraph (b), the stay shall be for not more than two years.

(d) If the conviction is for any misdemeanor under section 169.121; 609.746, subdivision 1; 609.79; or 617.23; or for a misdemeanor under section 609.224, subdivision 1, in which the victim of the crime was a family or household member as defined in section 518B.01, the stay shall be for not more than two years. The court shall provide for unsupervised probation for the second year of the stay unless the court finds that the defendant needs supervised probation for all or part of the second year.

(e) If the conviction is for a misdemeanor not specified in paragraph (d), the stay shall be for not more than one year.

(f) The defendant shall be discharged ~~when~~ *six months after the term of* the stay expires, unless the stay has been revoked or extended under paragraph (g), or the defendant has already been discharged.

(g) Notwithstanding the maximum periods specified for stays of sentences under paragraphs (a) to (f), a court may extend a defendant's term of probation for up to one year if it finds, at a hearing conducted under subdivision 1a, that:

(1) the defendant has not paid court-ordered restitution *or a fine* in accordance with the payment schedule or structure; and

(2) the defendant is likely to not pay the restitution *or fine* the defendant owes before the term of probation expires.

This one-year extension of probation for failure to pay restitution *or a fine* may be extended by the court for up to one additional year if the court finds, at another hearing conducted under subdivision 1a, that the defendant still has not paid the court-ordered restitution *or fine* that the defendant owes.

Sec. 14. Minnesota Statutes 1992, section 609.14, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] *(a)* When it appears that the defendant has violated any of the conditions of probation or 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.

(b) When it appears that the defendant violated any of the conditions of probation during the term of the stay, but the term of the stay has since expired, the defendant's probation officer or the prosecutor may ask the court to initiate probation revocation proceedings under the rules of criminal procedure at any time within six months after the expiration of the stay. The court also may initiate proceedings under these circumstances on its own motion. If proceedings are initiated within this six-month period, the court may conduct a revocation hearing and take any action authorized under rule 27.04 at any time during or after the six-month period.

Sec. 15. Minnesota Statutes 1992, section 609.3461, is amended to read:

609.3461 [DNA ANALYSIS OF SEX OFFENDERS REQUIRED.]

Subdivision 1. [UPON SENTENCING.] ~~When a~~ *The court shall order an offender to provide a biological specimen for the purpose of DNA analysis as defined in section 299C.155 when:*

(1) the court sentences a person ~~convicted of~~ *charged with* violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, ~~or when a~~ *who is convicted of violating one of those sections or of any offense arising out of the same set of circumstances;*

(2) the court sentences a person as a patterned sex offender under section 609.1352~~,~~*;* or

(3) the juvenile court adjudicates a person a delinquent child *who is the subject of a delinquency petition* for violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, ~~it shall order the person to provide a biological specimen for the purpose of DNA analysis as defined in section 299C.155~~ *and the delinquency adjudication is based on a violation of one of those sections or of any offense arising out of the same set of circumstances.* The biological specimen or the results of the analysis shall be maintained by the bureau of criminal apprehension as provided in section 299C.155.

Subd. 2. [BEFORE RELEASE.] If a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, *or initially charged with violating one of those sections and convicted of another offense arising out of the same set of circumstances,* or sentenced as a patterned sex offender under section 609.1352, and committed to the custody of the commissioner of corrections for a term of imprisonment, *or serving a term of imprisonment in this state under a reciprocal agreement although convicted in another state of an offense described in this subdivision or a similar law of the United States or any other state,* has not provided a biological specimen for the purpose of DNA analysis, the commissioner of corrections or local corrections authority shall order the person to provide a biological specimen for the purpose of DNA analysis before completion of the person's term of imprisonment. The commissioner of corrections or local corrections authority shall forward the sample to the bureau of criminal apprehension.

Subd. 3. [OFFENDERS FROM OTHER STATES.] *When the state accepts an offender from another state under the interstate compact authorized by section 243.16, the acceptance is conditional on the offender providing a biological specimen for the purposes of DNA analysis as defined in section 299C.155, if the offender was convicted of an offense described in subdivision 1 or a similar law of the United States or any other state. The specimen must be provided under supervision of staff from the department of corrections or a community corrections act county within 15 business days after the offender reports to the supervising agent. The cost of obtaining the biological specimen is the responsibility of the agency providing supervision.*

Sec. 16. [PROBATION TASK FORCE.]

Subdivision 1. [CONTINUATION OF TASK FORCE.] *The probation standards task force appointed under Laws 1992, chapter 571, article 11, section 15, shall file the report required by this section.*

Subd. 2. [STAFF.] *The commissioner of corrections shall make available staff as appropriate to support the work of the task force.*

Subd. 3. [REPORT.] *The task force shall report to the legislature by October 1, 1994, concerning:*

(1) the number of additional probation officers needed;

(2) the funding required to provide the necessary additional probation officers;

(3) a recommended method of funding these new positions, including a recommendation concerning the relative county and state obligations;

(4) recommendations as to appropriate standardized case definitions and reporting procedures to facilitate uniform reporting of the number and type of cases and offenders;

(5) legislative changes needed to implement objectively defined case classification systems; and

(6) any other general recommendations to improve the quality and administration of probation services in the state.

Sec. 17. [DIVERSION PROGRAM PLANS.]

Each county required to establish a diversion program under section 11 shall prepare a plan to implement the diversion program and submit the plan to the state court administrator by January 1, 1994. A county may prepare a joint plan with other counties in the same judicial district.

Sec. 18. [REPEALER.]

Minnesota Statutes 1992, section 243.165, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 12, 13, and 14, are effective August 1, 1993, and apply to all defendants placed on probation on or after that date. Section 15, subdivision 1, is effective August 1, 1993, and applies to offenders sentenced or adjudicated on or after that date. Sections 16 and 17 are effective the day following final enactment.

ARTICLE 11

CRIMINAL AND JUVENILE JUSTICE INFORMATION

Section 1. Minnesota Statutes 1992, section 13.87, subdivision 2, is amended to read:

Subd. 2. [CLASSIFICATION.] Criminal history data maintained by agencies, political subdivisions and statewide systems are classified as private, pursuant to section 13.02, subdivision 12~~.~~, *except that data created, collected, or maintained by the bureau of criminal apprehension that identifies an individual who was convicted of a crime and the offense of which the individual was convicted are public data for 15 years following the discharge of the sentence imposed for the offense.*

The bureau of criminal apprehension shall provide to the public at the central office of the bureau the ability to inspect in person, at no charge, through a computer monitor the criminal conviction data classified as public under this subdivision.

Sec. 2. Minnesota Statutes 1992, section 168.345, is amended by adding a subdivision to read:

Subd. 3. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] *The commissioner shall impose a surcharge of 25 cents on each fee charged*

by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning motor vehicle registrations. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The surcharge does not apply to the request of an individual for information concerning vehicles registered in that individual's name. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 3. Minnesota Statutes 1992, section 171.12, is amended by adding a subdivision to read:

Subd. 8. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] *The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning driver's license and Minnesota identification card applicants. This surcharge only applies to a fee imposed in responding to a request made in person or by mail, or to a request for transmittal through a computer modem. The surcharge does not apply to the request of an individual for information concerning that individual's driver's license or Minnesota identification card. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.*

Sec. 4. [AMOUNT OF INCREASE; REVISOR INSTRUCTION.]

(a) The surcharges imposed by sections 2 and 3 are intended to increase to 50 cents the 25-cent surcharges imposed by similar language in a bill styled as 1993 H.F. No. 1709.

(b) If sections 2 and 3 and 1993 H.F. No. 1709 become law, the revisor shall change the amount of the surcharges as listed in Minnesota Statutes, sections 168.345 and 171.12, to 50 cents in each case.

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective June 1, 1994.

ARTICLE 12

CRIME PREVENTION PROGRAMS

Section 1. [242.39] [JUVENILE RESTITUTION GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] *A juvenile restitution grant program is established under the commissioner of corrections to provide and finance work for eligible juveniles. Juveniles eligible to participate in the program are juveniles who have monetary restitution obligations to victims.*

Subd. 2. [ADMINISTERING PROGRAM.] *The department of corrections shall administer the grant program. The commissioner shall award grants to community correction agencies, other state and local agencies, and nonprofit agencies that meet the criteria developed by the commissioner relating to juvenile restitution grant programs. The criteria developed by the commissioner may include a requirement that the agency provide a match to the grant amount consisting of in-kind services, money, or both.*

Subd. 3. [COOPERATION; TYPES OF PROGRAMS.] *The commissioner of corrections shall work with the commissioner of natural resources, the commissioner of jobs and training, local government and nonprofit agencies, educational institutions, and the courts to design and develop suitable juvenile restitution grant programs. Programs must provide services to communities, including but not necessarily limited to, park maintenance, recycling, and other related work. Eligible juveniles may earn monetary restitution on behalf of a victim or perform a service for the victim. Work performed by eligible juveniles must not result in the displacement of currently employed full- or part-time 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. Any monetary restitution earned by an eligible juvenile must either be forwarded to the victim or held in an account for the benefit of the victim.*

Subd. 4. [REFERRAL TO PROGRAM.] *The grant program must provide that eligible juveniles may be referred to the program by a community diversion agency, a correctional or human service agency, or by a court order of monetary restitution.*

Sec. 2. [254A.18] [STATE CHEMICAL HEALTH INDEX MODEL.]

The commissioner of human services, in consultation with the chemical abuse prevention resource council, shall develop and test a chemical health index model to help assess the state's chemical health and coordinate state policy and programs relating to chemical abuse prevention and treatment. The chemical health index model shall assess a variety of factors known to affect the use and abuse of chemicals in different parts of the state including, but not limited to, demographic factors, risk factors, health care utilization, drug-related crime, productivity, resource availability, and overall health.

Sec. 3. Minnesota Statutes 1992, section 256.486, is amended to read:

256.486 [~~ASIAN~~ *ASIAN-AMERICAN* JUVENILE CRIME *INTERVENTION AND* PREVENTION GRANT PROGRAM.]

Subdivision 1. [GRANT PROGRAM.] The commissioner of human services shall establish a grant program for coordinated, family-based crime *intervention and* prevention services for ~~Asian~~ *Asian-American* youth. The commissioners of human services, education, and public safety shall work together to coordinate grant activities.

Subd. 2. [GRANT RECIPIENTS.] The commissioner shall award grants in amounts up to $150,000 to agencies based in the ~~Asian~~ *Asian-American* community that have experience providing coordinated, family-based community services to ~~Asian~~ *Asian-American* youth and families.

Subd. 3. [PROJECT DESIGN.] Projects eligible for grants under this section must provide coordinated crime *intervention*, prevention, and educational services that include:

(1) education for ~~Asian~~ *Asian-American* parents, including parenting methods in the United States and information about the United States legal and educational systems;

(2) crime *intervention and* prevention programs for ~~Asian~~ *Asian-American* youth, including employment and career-related programs and guidance and counseling services;

(3) family-based services, including support networks, language classes, programs to promote parent-child communication, access to education and career resources, and conferences for ~~Asian~~ *Asian-American* children and parents;

(4) coordination with public and private agencies to improve communication between the ~~Asian~~ *Asian-American* community and the community at large; and

(5) hiring staff to implement the services in clauses (1) to (4).

Subd. 4. [USE OF GRANT MONEY TO MATCH FEDERAL FUNDS.] Grant money awarded under this section may be used to satisfy any state or local match requirement that must be satisfied in order to receive federal funds.

Subd. 5. [ANNUAL REPORT.] Grant recipients must report to the commissioner by June 30 of each year on the services and programs provided, expenditures of grant money, and an evaluation of the program's success in reducing crime among ~~Asian~~ *Asian-American* youth.

Sec. 4. Minnesota Statutes 1992, section 299A.35, subdivision 1, is amended to read:

Subdivision 1. [PROGRAMS.] The commissioner shall, in consultation with the chemical abuse prevention resource council, administer a grant program to fund community-based programs that are designed to enhance the community's sense of personal security and to assist the community in its crime control efforts. Examples of qualifying programs include, but are not limited to, the following:

(1) programs to provide security systems for residential buildings serving low-income persons, elderly persons, and persons who have physical or mental disabilities;

(2) community-based programs designed to discourage young people from involvement in unlawful drug or street gang activities;

(3) neighborhood block clubs and innovative community-based crime watch programs; ~~and~~

(4) *community-based programs designed to enrich the educational, cultural, or recreational opportunities of at-risk elementary or secondary school age youth, including programs designed to keep at-risk youth from dropping out of school and encourage school dropouts to return to school;*

(5) support services for a municipal curfew enforcement program including, but not limited to, rent for drop-off centers, staff, supplies, equipment, and the referral of children who may be abused or neglected; and

(6) other community-based crime prevention programs that are innovative and encourage substantial involvement by members of the community served by the program.

Sec. 5. Minnesota Statutes 1992, section 299A.35, subdivision 2, is amended to read:

Subd. 2. [GRANT PROCEDURE.] A local unit of government or a nonprofit community-based entity may apply for a grant by submitting an

application with the commissioner. The applicant shall specify the following in its application:

(1) a description of each program for which funding is sought;

(2) the amount of funding to be provided to the program;

(3) the geographical area to be served by the program; ~~and~~

(4) statistical information as to the number of arrests in the geographical area for violent crimes and for crimes involving schedule I and II controlled substances. "Violent crime" includes a violation of or an attempt or conspiracy to violate any of the following laws: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.687; or any provision of chapter 152 that is punishable by a maximum term of imprisonment greater than ten years; *and*

(5) the number of economically disadvantaged youth in the geographical areas to be served by the program.

The commissioner shall give priority to funding programs ~~in~~ *that demonstrate substantial involvement by members of the community served by the program and either serve* the geographical areas that have the highest crime rates, as measured by the data supplied under clause (4), ~~and that demonstrate substantial involvement by members of the community served by the program~~ *or serve geographical areas that have the largest concentrations of economically disadvantaged youth*. The maximum amount that may be awarded to an applicant is $50,000.

Sec. 6. Minnesota Statutes 1992, section 299C.065, subdivision 1, is amended to read:

Subdivision 1. [GRANTS.] The commissioner of public safety shall make grants to local officials for the following purposes:

(1) the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances;

(2) receiving or selling stolen goods;

(3) participating in gambling activities in violation of section 609.76;

(4) violations of section 609.322, 609.323, or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution; ~~and~~

(5) witness assistance services in cases involving criminal gang activity in violation of section 609.229, or domestic assault, as defined in section 611A.0315; *and*

(6) for partial reimbursement of local costs associated with unanticipated, intensive, long-term, multijurisdictional criminal investigations that exhaust available local resources.

Sec. 7. Minnesota Statutes 1992, 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 $110.

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 $110.

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 chapter 103E, 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, $10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, $7.50.

(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, $5 for each name certified to.

(8) Filing and indexing trade name; 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 trusteeships, $10.

(10) For the deposit of a will, $5.

(11) For recording notary commission, $25, of which, notwithstanding subdivision 1a, paragraph (b), $20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) When a defendant pleads guilty to or is sentenced for a petty misdemeanor other than a parking violation, the defendant shall pay a fee of ~~$5~~ *$11*.

(13) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(14) 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.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 8. Minnesota Statutes 1992, section 609.101, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGES AND ASSESSMENTS.] (a) When a court sentences a person convicted of a felony, gross misdemeanor, or misdemeanor, other than a petty misdemeanor such as a traffic or parking violation, and if the sentence does not include payment of a fine, the court shall impose an assessment of not less than $25 nor more than $50. If the sentence for the felony, gross misdemeanor, or misdemeanor includes payment of a fine of any amount, including a fine of less than $100, the court shall impose a surcharge on the fine of 20 percent of the fine. This section applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

(b) In addition to the assessments in paragraph (a), the court shall assess the following surcharges after a person is convicted:

(1) for a person charged with a felony, $25;

(2) for a person charged with a gross misdemeanor, $15;

(3) for a person charged with a misdemeanor other than a traffic, parking, or local ordinance violation, $10; and

(4) for a person charged with a local ordinance violation other than a parking or traffic violation, $5.

The surcharge must be assessed for the original charge, whether or not it is subsequently reduced. A person charged on more than one count may be assessed only one surcharge under this paragraph, but must be assessed for the most serious offense. This paragraph applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

(c) ~~The court may not waive payment or authorize payment of the assessment or surcharge in installments unless it makes written findings on the record that the convicted person is indigent or that the assessment or surcharge would create undue hardship for the convicted person or that person's immediate family.~~

~~(d)~~ If the court fails to ~~waive or~~ impose an assessment required by paragraph (a), the court administrator shall correct the record to show imposition of an assessment of $25 if the sentence does not include payment of a fine, or if the sentence includes a fine, to show an imposition of a surcharge of ten percent of the fine. If the court fails to ~~waive or~~ impose an assessment required by paragraph (b), the court administrator shall correct the record to show imposition of the assessment described in paragraph (b).

~~(e)~~ *(d)* Except for assessments and surcharges imposed on persons convicted of violations described in section 97A.065, subdivision 2, the court shall collect and forward to the commissioner of finance the total amount of the assessments or surcharges and the commissioner shall credit all money so forwarded to the general fund.

~~(f)~~ *(e)* If the convicted person is sentenced to imprisonment, the chief executive officer of the correctional facility in which the convicted person is incarcerated may collect the assessment or surcharge from any earnings the inmate accrues for work performed in the correctional facility and forward the amount to the commissioner of finance, indicating the part that was imposed for violations described in section 97A.065, subdivision 2, which must be credited to the game and fish fund.

Sec. 9. Minnesota Statutes 1992, section 609.101, subdivision 2, is amended to read:

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of violating section 609.221, 609.267, or 609.342, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law;

(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law; and

(3) when a court sentences a person convicted of violating section 609.2231, 609.224, or 609.2672, it must impose a fine of not less than $100 nor more than the maximum fine authorized by law.

~~The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.~~

The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local victim assistance program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the general fund. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means victim witness programs within county attorney offices or any of the following programs: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 10. Minnesota Statutes 1992, section 609.101, subdivision 3, is amended to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

~~(1)~~ a ~~first degree~~ controlled substance crime under ~~section~~ *sections* 152.021 *to 152.025*, it must impose a fine of not less than ~~$2,500~~ *20 percent of the maximum fine authorized by law* nor more than the maximum fine authorized by law;

~~(2) a second degree controlled substance crime under section 152.022, it must impose a fine of not less than $1,000 nor more than the maximum fine authorized by law;~~

~~(3) a third degree controlled substance crime under section 152.023, it must impose a fine of not less than $750 nor more than the maximum fine authorized by law;~~

~~(4) a fourth degree controlled substance crime under section 152.024, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law; and~~

~~(5) a fifth degree controlled substance violation under section 152.025, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law.~~

(b) ~~The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.~~

~~(c)~~ The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

~~(d)~~ *(c)* The court shall collect the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse prevention program existing or being implemented in the county in which the crime was committed. The court shall forward the remaining 30 percent to the state treasurer to be credited to the general fund. If more than one drug abuse prevention program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse prevention program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the state treasurer to be credited to the general fund.

~~(e)~~ *(d)* The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse prevention program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The drug abuse resistance education program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

~~(f)~~ *(e)* As used in this subdivision, "drug abuse prevention program" and "program" include:

(1) the drug abuse resistance education program described in sections 299A.33 and 299A.331; and

(2) any similar drug abuse education and prevention program that includes the following components:

(A) instruction for students enrolled in kindergarten through grade six that is designed to teach students to recognize and resist pressures to experiment with controlled substances and alcohol;

(B) provisions for parental involvement;

(C) classroom instruction by uniformed law enforcement personnel;

(D) the use of positive student leaders to influence younger students not to use drugs; and

(E) an emphasis on activity-oriented techniques designed to encourage student-generated responses to problem-solving situations.

Sec. 11. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than ~~20~~ *30* percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than ~~20~~ *30* percent of the maximum fine authorized by law nor more than the maximum fine authorized by law.

~~The court may not waive payment of the minimum fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.~~

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

The court shall collect the fines mandated in this subdivision and, except for fines for traffic and motor vehicle violations governed by section 169.871 and section 299D.03 and fish and game violations governed by section 97A.065, forward 20 percent of the revenues to the state treasurer for deposit in the general fund.

Sec. 12. Minnesota Statutes 1992, section 609.101, is amended by adding a subdivision to read:

Subd. 5. [WAIVER PROHIBITED; INSTALLMENT PAYMENTS.] *The court may not waive payment of the minimum fine, surcharge, or assessment required by this section. The court may reduce the amount of the minimum fine, surcharge, or assessment if the court makes written findings on the record that the convicted person is indigent or that immediate payment of the fine, surcharge, or assessment would create undue hardship for the convicted person or that person's immediate family. The court may authorize payment of the fine, surcharge, or assessment in installments.*

Sec. 13. Laws 1992, chapter 571, article 16, section 4, is amended to read:

Sec. 4. [MULTIDISCIPLINARY PROGRAM GRANTS *FOR PROFESSIONAL EDUCATION ABOUT VIOLENCE AND ABUSE.*]

(a) The higher education coordinating board may award grants to "eligible institutions" as defined in Minnesota Statutes, section 136A.101, subdivision 4, to provide multidisciplinary ~~training~~ programs that provide training about:

(1) the extent and causes of violence and the identification of violence, which includes physical or sexual abuse or neglect, and racial or cultural violence; and

(2) culturally and historically sensitive approaches to dealing with victims and perpetrators of violence.

(b) The programs ~~shall be multidisciplinary and include~~ *must be designed to prepare students to be* teachers, ~~child protection workers~~ *school administrators*, law enforcement officers, ~~probation officers, parole officers,~~ lawyers, physicians, nurses, mental health professionals, social workers, guidance counselors, ~~and all~~ *or* other *education, human services,* mental health, and health care professionals who work with adult and child victims and perpetrators of violence and abuse.

Sec. 14. [HIGHER EDUCATION GRANTS FOR COLLABORATION AMONG HUMAN SERVICES PROFESSIONALS.]

Subdivision 1. [GRANTS.] *The higher education coordinating board shall award grants to public post-secondary institutions to develop professional skills for interdisciplinary collaboration in providing health care, human services, and education.*

Subd. 2. [PROGRAMS AND ACTIVITIES.] *Grants shall support the following programs and activities:*

(1) on-campus, off-campus, and multicampus collaboration in training professionals who work with adults and children to enable higher education students to be knowledgeable about the roles and expertise of different professions serving the same clients;

(2) programs to teach professional education students how health and other human services and education can be restructured to coordinate programs for efficiency and better results;

(3) faculty discussion and assessment of methods to provide professionals with the skills needed to collaborate with staff from other disciplines; and

(4) community outreach and leadership activities to reduce fragmentation among public agencies and private organizations serving individuals and families.

Sec. 15. [HIGHER EDUCATION CENTER ON VIOLENCE AND ABUSE.]

Subdivision 1. [CREATION AND DESIGNATION.] *The higher education center on violence and abuse is created. The higher education center on violence and abuse shall be located at and managed by a public or private post-secondary institution in Minnesota. The higher education coordinating board shall designate the location of the center following review of proposals from potential higher education sponsors.*

Subd. 2. [ADVISORY COMMITTEE.] *The higher education coordinating board shall convene an advisory committee to develop specifications for the higher education center and review proposals from higher education institutions. The advisory committee shall include representatives who are students in professional programs, other students, student affairs professionals, professional education faculty, and practicing professionals in the community who are involved with problems of violence and abuse.*

Subd. 3. [DUTIES.] *The higher education center on violence and abuse shall:*

(1) serve as a clearinghouse of information on curriculum models and other resources for professional education and for education of faculty, students, and staff about violence and harassment required under Laws 1992, chapter 571, article 16, section 1;

(2) sponsor conferences and research to assist higher education institutions in developing curricula about violence and abuse;

(3) fund pilot projects to stimulate multidisciplinary curricula about violence and abuse; and

(4) coordinate policies to ensure that professions and occupations with responsibilities toward victims and offenders have the knowledge and skills needed to prevent and respond appropriately to the problems of violence and abuse.

Subd. 4. [PROFESSIONAL EDUCATION AND LICENSURE.] *By March 15, 1994, the center shall convene task forces for professions that work with victims and perpetrators of violence. Task forces must be formed for the following professions: teachers, school administrators, guidance counselors, law enforcement officers, lawyers, physicians, nurses, psychologists, and social workers. Each task force must include representatives of the licensing agency, higher education systems offering programs in the profession, appropriate professional associations, students or recent graduates, representatives of communities served by the profession, and employers or experienced professionals. The center must establish guidelines for the work of the task forces. Each task force must review current programs, licensing regulations and examinations, and accreditation standards to identify specific needs and plans for ensuring that professionals are adequately prepared and updated on violence and abuse issues.*

Subd. 5. [PROGRESS REPORT.] *The center shall provide a progress report to the legislature by March 15, 1994.*

Sec. 16. [INSTITUTE FOR CHILD AND ADOLESCENT SEXUAL HEALTH.]

Subdivision 1. [PLANNING.] *The interdisciplinary committee established in Laws 1992, chapter 571, article 1, section 28, shall continue planning for an institute for child and adolescent sexual health.*

Subd. 2. [SPECIFIC RECOMMENDATIONS.] *(a) The committee shall develop specific recommendations regarding the structure, funding, staffing and staff qualifications, siting, and affiliations of the institute, and a detailed plan for long-term funding of the institute which shall not be a state program.*

(b) The committee shall also clearly document and describe the following:

(1) the problems to be addressed by the institute, including statistical data on the extent of these problems;

(2) strategies already available in the professional literature to address these problems;

(3) information on which of these strategies have been implemented in Minnesota, including data on the availability and effectiveness of these strategies and gaps in the availability of these strategies;

(4) the rationale for the recommended design of the institute; and

(5) the mission of the institute, including a code of ethics for conducting research.

Subd. 3. [REPORT.] *The commissioner of health shall submit a report to the legislature by January 1, 1994, based on the recommendations of the committee.*

Sec. 17. [SURVEY OF INMATES.]

Subdivision 1. [SURVEY REQUIRED.] *The commissioner of corrections shall conduct a survey of inmates in the state correctional system who have been committed to the custody of the commissioner for a period of more than one year's incarceration. The survey may be conducted by an outside party. In surveying the inmates, the commissioner shall take steps to ensure that the confidentiality of responses is strictly maintained. The survey shall compile information about each inmate concerning, but not limited to, the following:*

(1) offense for which currently incarcerated;

(2) sex of inmate, place of birth, date of birth, and age of mother at birth;

(3) major caretaker during preschool years, marital status of family, and presence of male in household during childhood;

(4) number of siblings;

(5) attitude toward school, truancy history, and school suspension history;

(6) involvement of sibling or parent in criminal justice system;

(7) age of inmate's first involvement in criminal justice system, the type of offense or charge, the response of criminal justice system, and the type of treatment or punishment, if any;

(8) nature of discipline used in home;

(9) placement in foster care or adoption;

(10) childhood traumas;

(11) most influential adult in life;

(12) chemical abuse problems among adults in household while a child;

(13) inmate's chemical history, and if a problem of chemical abuse exists, the age of its onset;

(14) city, suburb, small town, or rural environment during childhood and state or states of residence before the age of 18;

(15) number of times family moved during school years;

(16) involvement with school or community activities;

(17) greatest problem as a child;

(18) greatest success as a child; and

(19) physical or sexual abuse as a child.

Subd. 2. [REPORT.] *By January 1, 1994, the commissioner shall compile the results of the survey and report them to the chairs of the senate committee on crime prevention and the house committee on judiciary. Information concerning the identity of individual inmates shall not be reported.*

Sec. 18. Laws 1991, chapter 279, section 41, is amended to read:

Sec. 41. [REPEALERS.]

~~(a)~~ Minnesota Statutes 1990, sections 244.095; and 299A.29, subdivisions 2 and 4, are repealed.

~~(b) Minnesota Statutes 1990, section 609.101, subdivision 3, is repealed effective July 1, 1993.~~

Sec. 19. [REPEALER.]

Minnesota Statutes 1992, section 299A.325, is repealed.

ARTICLE 13

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1992, section 144A.04, subdivision 4, is amended to read:

Subd. 4. [CONTROLLING PERSON RESTRICTIONS.] (a) The controlling persons of a nursing home may not include any person who was a controlling person of another nursing home during any period of time in the previous two-year period:

(1) during which time of control that other nursing home incurred the following number of uncorrected or repeated violations:

(i) two or more uncorrected violations or one or more repeated violations which created an imminent risk to direct resident care or safety; or

(ii) four or more uncorrected violations or two or more repeated violations of any nature for which the fines are in the four highest daily fine categories prescribed in rule; or

(2) who was convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care, during that period.

(b) The provisions of this subdivision shall not apply to any controlling person who had no legal authority to affect or change decisions related to the operation of the nursing home which incurred the uncorrected violations.

Sec. 2. Minnesota Statutes 1992, section 144A.04, subdivision 6, is amended to read:

Subd. 6. [MANAGERIAL EMPLOYEE OR LICENSED ADMINISTRATOR; EMPLOYMENT PROHIBITIONS.] A nursing home may not employ

as a managerial employee or as its licensed administrator any person who was a managerial employee or the licensed administrator of another facility during any period of time in the previous two-year period:

(a) During which time of employment that other nursing home incurred the following number of uncorrected violations which were in the jurisdiction and control of the managerial employee or the administrator:

(1) two or more uncorrected violations or one or more repeated violations which created an imminent risk to direct resident care or safety; or

(2) four or more uncorrected violations or two or more repeated violations of any nature for which the fines are in the four highest daily fine categories prescribed in rule; or

(b) who was convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care, during that period.

Sec. 3. Minnesota Statutes 1992, section 144A.11, subdivision 3a, is amended to read:

Subd. 3a. [MANDATORY REVOCATION.] Notwithstanding the provisions of subdivision 3, the commissioner shall revoke a nursing home license if a controlling person is convicted of a felony or gross misdemeanor ~~punishable by a term of imprisonment of more than 90 days~~ that relates to operation of the nursing home or directly affects resident safety or care. The commissioner shall notify the nursing home 30 days in advance of the date of revocation.

Sec. 4. Minnesota Statutes 1992, section 144B.08, subdivision 3, is amended to read:

Subd. 3. [MANDATORY REVOCATION OR REFUSAL TO ISSUE A LICENSE.] Notwithstanding subdivision 2, the commissioner shall revoke or refuse to issue a residential care home license if the applicant, licensee, or manager of the licensed home is convicted of a felony or gross misdemeanor ~~that is punishable by a term of imprisonment of not more than 90 days and~~ that relates to operation of the residential care home or directly affects resident safety or care. The commissioner shall notify the residential care home 30 days before the date of revocation.

Sec. 5. Minnesota Statutes 1992, section 152.021, subdivision 3, is amended to read:

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~~ *committed to the commissioner of corrections* 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. 6. Minnesota Statutes 1992, section 152.022, subdivision 3, is amended to read:

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~~ *committed to the commissioner of corrections* 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. 7. Minnesota Statutes 1992, section 152.023, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than $250,000, 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~~ *committed to the commissioner of corrections* for not less than two years nor more than 30 years or to payment of a fine of not more than $250,000, or both.

Sec. 8. Minnesota Statutes 1992, section 152.024, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than $100,000, 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~~ *committed to the commissioner of corrections or to a local correctional authority* for not less than one year nor more than 30 years or to payment of a fine of not more than $100,000, or both.

Sec. 9. Minnesota Statutes 1992, section 152.025, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) A person convicted under subdivision 1 or 2 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.

(b) If the conviction is a subsequent controlled substance conviction, a person convicted under subdivision 1 or 2 shall be ~~sentenced to imprisonment~~ *committed to the commissioner of corrections or to a local correctional authority* for not less than six months nor more than ten years or to payment of a fine of not more than $20,000, or both.

Sec. 10. Minnesota Statutes 1992, section 152.026, is amended to read:

152.026 [MANDATORY SENTENCES.]

A defendant convicted and sentenced to a mandatory sentence under sections 152.021 to 152.025 is not eligible for probation, parole, discharge, or supervised release until that person has served the full ~~mandatory~~ ~~minimum~~ term of imprisonment as provided by law, notwithstanding sections 242.19, 243.05, 609.12, and 609.135. *"Term of imprisonment" has the meaning given in section 244.01, subdivision 8.*

Sec. 11. Minnesota Statutes 1992, section 152.18, subdivision 1, is amended to read:

Subdivision 1. If any person is found guilty of a violation of section 152.024, 152.025, or 152.027 for possession of a controlled substance, after trial or upon a plea of guilty, the court may, without entering a judgment of guilty and with the consent of the person, defer further proceedings and place the person on probation upon such reasonable conditions as it may require and for a period, not to exceed the maximum ~~term of imprisonment~~ *sentence* provided for the violation. The court may give the person the opportunity to attend and participate in an appropriate program of education regarding the nature and effects of alcohol and drug abuse as a stipulation of probation. Upon violation of a condition of the probation, the court may enter an adjudication of guilt and proceed as otherwise provided. The court may, in its discretion, dismiss the proceedings against the person and discharge the person from probation before the expiration of the maximum period prescribed for the person's probation. If during the period of probation the person does not violate any of the conditions of the probation, then upon expiration of the period the court shall discharge the person and dismiss the proceedings against that person. Discharge and dismissal under this subdivision shall be without court adjudication of guilt, but a not public record of it shall be retained by the department of public safety for the purpose of use by the courts in determining the merits of subsequent proceedings against the person. The not public record may also be opened only upon court order for purposes of a criminal investigation, prosecution, or sentencing. Upon request by law enforcement, prosecution, or corrections authorities, the department shall notify the requesting party of the existence of the not public record and the right to seek a court order to open it pursuant to this section. The court shall forward a record of any discharge and dismissal under this subdivision to the department of public safety who shall make and maintain the not public record of it as provided under this subdivision. The discharge or dismissal shall not be deemed a conviction for purposes of disqualifications or disabilities imposed by law upon conviction of a crime or for any other purpose.

For purposes of this subdivision, "not public" has the meaning given in section 13.02, subdivision 8a.

Sec. 12. Minnesota Statutes 1992, section 169.121, subdivision 3a, is amended to read:

Subd. 3a. [HABITUAL OFFENDER PENALTIES.] (a) If a person has been convicted under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them, and if the person is then convicted of a gross misdemeanor violation of this section, a violation of section 169.129, or an ordinance in conformity with either of them (1) once within five years after the first conviction or (2) two or more times within ten years after the first conviction, the person must be sentenced to a minimum of 30 days imprisonment or to eight hours of community work service for each day less

than 30 days that the person is ordered to serve in jail. Provided, that if a person is convicted of violating this section, section 169.129, or an ordinance in conformity with either of them two or more times within five years after the first conviction, or within five years after the first of two or more license revocations, as defined in subdivision 3, paragraph (a), clause (2), the person must be sentenced to a minimum of 30 days imprisonment and the sentence may not be waived under paragraph (b) or (c). Notwithstanding section 609.135, the above sentence must be executed, unless the court departs from the mandatory minimum sentence under paragraph (b) or (c).

(b) Prior to sentencing the prosecutor may file a motion to have the defendant sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons for it. When presented with the prosecutor's motion and if it finds that substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ *sentence* established by this subdivision.

(c) The court may, on its own motion, sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ *sentence* established by this subdivision if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it.

(d) The court may sentence the defendant without regard to the mandatory minimum ~~term of imprisonment~~ *sentence* established by this subdivision if the defendant is sentenced to probation and ordered to participate in a program established under section 169.1265.

(e) When any portion of the sentence required by this subdivision is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record.

Sec. 13. Minnesota Statutes 1992, section 238.16, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] Any person violating the provisions of this chapter is guilty of a gross misdemeanor. Any ~~term of imprisonment~~ *sentence* imposed for any violation by a corporation shall be served by the senior resident officer of the corporation.

Sec. 14. Minnesota Statutes 1992, section 244.065, is amended to read:

244.065 [PRIVATE EMPLOYMENT OF INMATES OF STATE CORRECTIONAL INSTITUTIONS IN COMMUNITY.]

When consistent with the public interest and the public safety, the commissioner of corrections may conditionally release an inmate to work at paid employment, seek employment, or participate in a vocational training or educational program, as provided in section 241.26, if the inmate has served at least one half of the term of imprisonment ~~as reduced by good time earned by the inmate~~.

Sec. 15. Minnesota Statutes 1992, section 244.14, subdivision 3, is amended to read:

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) commits a material violation of or repeatedly 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 sentence originally executed by the sentencing court, minus jail credit, if any.

Sec. 16. Minnesota Statutes 1992, section 244.15, subdivision 1, is amended to read:

Subdivision 1. [DURATION.] Phase I of an intensive community supervision program is six months, or one-half the time remaining in the offender's ~~original~~ term of imprisonment, whichever is less. Phase II lasts for at least one-third of the time remaining in the offender's ~~original~~ term of imprisonment at the beginning of Phase II. Phase III lasts for at least one-third of the time remaining in the offender's ~~original~~ term of imprisonment at the beginning of Phase III. Phase IV continues until the commissioner determines that the offender has successfully completed the program or until the offender's sentence, minus jail credit, expires, whichever occurs first. If an offender successfully completes the intensive community supervision program before the offender's sentence expires, the offender shall be placed on supervised release for the remainder of the sentence.

Sec. 17. Minnesota Statutes 1992, section 244.171, subdivision 4, is amended to read:

Subd. 4. [SANCTIONS.] The commissioner shall impose severe and meaningful sanctions for violating the conditions of the challenge incarceration program. The commissioner shall remove an offender from the challenge incarceration program if the offender:

(1) commits a material violation of or repeatedly 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 removal of an offender from the challenge incarceration program is governed by the procedures in the commissioner's rules adopted under section 244.05, subdivision 2.

An offender who is removed from the challenge incarceration program shall be imprisoned for a time period equal to the offender's ~~original~~ term of imprisonment, minus earned good time if any, but in no case for longer than the time remaining in the offender's sentence. "~~Original~~ Term of imprison-

ment'' means a time period equal to two-thirds of the sentence originally executed by the sentencing court, minus jail credit, if any.

Sec. 18. Minnesota Statutes 1992, section 299A.35, subdivision 2, is amended to read:

Subd. 2. [GRANT PROCEDURE.] A local unit of government or a nonprofit community-based entity may apply for a grant by submitting an application with the commissioner. The applicant shall specify the following in its application:

(1) a description of each program for which funding is sought;

(2) the amount of funding to be provided to the program;

(3) the geographical area to be served by the program; and

(4) statistical information as to the number of arrests in the geographical area for violent crimes and for crimes involving schedule I and II controlled substances. ''Violent crime'' includes a violation of or an attempt or conspiracy to violate any of the following laws: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.687; or any provision of chapter 152 that is punishable by a maximum ~~term of imprisonment~~ *sentence* greater than ten years.

The commissioner shall give priority to funding programs in the geographical areas that have the highest crime rates, as measured by the data supplied under clause (4), and that demonstrate substantial involvement by members of the community served by the program. The maximum amount that may be awarded to an applicant is $50,000.

Sec. 19. Minnesota Statutes 1992, section 609.0341, subdivision 1, is amended to read:

Subdivision 1. [GROSS MISDEMEANORS.] Any law of this state which provides for a maximum fine of $1,000 or for a maximum ~~term~~ *sentence* of imprisonment of one year or which is defined as a gross misdemeanor shall, on or after August 1, 1983, be deemed to provide for a maximum fine of $3,000 and for a maximum ~~term~~ *sentence* of imprisonment of one year.

Sec. 20. Minnesota Statutes 1992, section 609.101, subdivision 2, is amended to read:

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of violating section 609.221, 609.267, or 609.342, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law;

(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law; and

(3) when a court sentences a person convicted of violating section 609.2231, 609.224, or 609.2672, it must impose a fine of not less than $100 nor more than the maximum fine authorized by law.

The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local victim assistance program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the general fund. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any ~~term~~ *sentence* of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means victim witness programs within county attorney offices or any of the following programs: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 21. Minnesota Statutes 1992, section 609.101, subdivision 3, is amended to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

(1) a first degree controlled substance crime under section 152.021, it must impose a fine of not less than $2,500 nor more than the maximum fine authorized by law;

(2) a second degree controlled substance crime under section 152.022, it must impose a fine of not less than $1,000 nor more than the maximum fine authorized by law;

(3) a third degree controlled substance crime under section 152.023, it must impose a fine of not less than $750 nor more than the maximum fine authorized by law;

(4) a fourth degree controlled substance crime under section 152.024, it must impose a fine of not less than $500 nor more than the maximum fine authorized by law; and

(5) a fifth degree controlled substance violation under section 152.025, it must impose a fine of not less than $300 nor more than the maximum fine authorized by law.

(b) The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

(c) The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any ~~term~~ *sentence* of imprisonment or restitution imposed or ordered by the court.

(d) The court shall collect the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse prevention program existing or being implemented in the county in which the crime was committed. The court shall forward the remaining 30 percent to the state treasurer to be credited to the general fund. If more than one drug abuse prevention program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse prevention program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the state treasurer to be credited to the general fund.

(e) The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse prevention program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The drug abuse resistance education program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(f) As used in this subdivision, "drug abuse prevention program" and "program" include:

(1) the drug abuse resistance education program described in sections 299A.33 and 299A.331; and

(2) any similar drug abuse education and prevention program that includes the following components:

(A) instruction for students enrolled in kindergarten through grade six that is designed to teach students to recognize and resist pressures to experiment with controlled substances and alcohol;

(B) provisions for parental involvement;

(C) classroom instruction by uniformed law enforcement personnel;

(D) the use of positive student leaders to influence younger students not to use drugs; and

(E) an emphasis on activity-oriented techniques designed to encourage student-generated responses to problem-solving situations.

Sec. 22. Minnesota Statutes 1992, section 609.101, subdivision 4, is amended to read:

Subd. 4. [MINIMUM FINES; OTHER CRIMES.] Notwithstanding any other law:

(1) when a court sentences a person convicted of a felony that is not listed in subdivision 2 or 3, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law; and

(2) when a court sentences a person convicted of a gross misdemeanor or misdemeanor that is not listed in subdivision 2, it must impose a fine of not less than 20 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law.

The court may not waive payment of the minimum fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any ~~term~~ *sentence* of imprisonment or restitution imposed or ordered by the court.

Sec. 23. Minnesota Statutes 1992, section 609.11, is amended to read:

609.11 [MINIMUM ~~TERMS~~ *SENTENCES* OF IMPRISONMENT.]

Subdivision 1. [COMMITMENTS WITHOUT MINIMUMS.] All commitments to the commissioner of corrections for imprisonment of the defendant are without minimum terms except when the sentence is to life imprisonment as required by law and except as otherwise provided in this chapter.

Subd. 4. [DANGEROUS WEAPON.] Any defendant convicted of an offense listed in subdivision 9 in which the defendant or an accomplice, at the time of the offense, used, whether by brandishing, displaying, threatening with, or otherwise employing, a dangerous weapon other than a firearm, or had in possession a firearm, shall be committed to the commissioner of corrections for ~~a mandatory minimum term of imprisonment of~~ not less than one year plus one day, nor more than the maximum sentence provided by law. Any defendant convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of the offense, used a dangerous weapon other than a firearm, or had in possession a firearm, shall be committed to the commissioner of corrections for ~~a mandatory minimum term of imprisonment of~~ not less than three years nor more than the maximum sentence provided by law.

Subd. 5. [FIREARM.] Any defendant convicted of an offense listed in subdivision 9 in which the defendant or an accomplice, at the time of the offense, used, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm, shall be committed to the commissioner of corrections for ~~a mandatory minimum term of imprisonment of~~ not less than three years, nor more than the maximum sentence provided by law. Any defendant convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of the offense, used a firearm shall be committed to the commissioner of corrections for ~~a mandatory minimum term of imprisonment of~~ not less than five years, nor more than the maximum sentence provided by law.

Subd. 5a. [DRUG OFFENSES.] Notwithstanding section 609.035, whenever a defendant is subject to a mandatory minimum ~~term of imprisonment~~ *sentence* for a felony violation of chapter 152 and is also subject to this section, the minimum ~~term of imprisonment~~ *sentence* imposed under this section shall be consecutive to that imposed under chapter 152.

Subd. 6. [NO EARLY RELEASE.] Any defendant convicted and sentenced as required by this section is not eligible for probation, parole, discharge, or supervised release until that person has served the full ~~mandatory minimum~~

term of imprisonment as provided by law, notwithstanding the provisions of sections 242.19, 243.05, 244.04, 609.12 and 609.135.

Subd. 7. [PROSECUTOR SHALL ESTABLISH.] Whenever reasonable grounds exist to believe that the defendant or an accomplice used a firearm or other dangerous weapon or had in possession a firearm, at the time of commission of an offense listed in subdivision 9, the prosecutor shall, at the time of trial or at the plea of guilty, present on the record all evidence tending to establish that fact unless it is otherwise admitted on the record. The question of whether the defendant or an accomplice, at the time of commission of an offense listed in subdivision 9, used a firearm or other dangerous weapon or had in possession a firearm shall be determined by the court on the record at the time of a verdict or finding of guilt at trial or the entry of a plea of guilty based upon the record of the trial or the plea of guilty. The court shall determine on the record at the time of sentencing whether the defendant has been convicted of a second or subsequent offense in which the defendant or an accomplice, at the time of commission of an offense listed in subdivision 9, used a firearm or other dangerous weapon or had in possession a firearm.

Subd. 8. [MOTION BY PROSECUTOR.] Prior to the time of sentencing, the prosecutor may file a motion to have the defendant sentenced without regard to the mandatory minimum ~~terms of imprisonment~~ *sentences* established by this section. The motion shall be accompanied by a statement on the record of the reasons for it. When presented with the motion and if it finds substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum ~~terms of imprisonment~~ *sentences* established by this section.

Subd. 9. [APPLICABLE OFFENSES.] The crimes for which mandatory minimum sentences shall be served ~~before eligibility for probation, parole, or supervised release~~ as provided in this section are: murder in the first, second, or third degree; assault in the first, second, or third degree; burglary; kidnapping; false imprisonment; manslaughter in the first or second degree; aggravated robbery; simple robbery; criminal sexual conduct under the circumstances described in sections 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); and 609.344, subdivision 1, clauses (a) to (e) and (h) to (j); escape from custody; arson in the first, second, or third degree; a felony violation of chapter 152; or any attempt to commit any of these offenses.

Sec. 24. Minnesota Statutes 1992, 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~~ *sentence* is required by section 609.11, any court may stay imposition or execution of sentence and (a) may order 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 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 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 "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. 25. Minnesota Statutes 1992, section 609.1352, subdivision 1, is amended to read:

Subdivision 1. [SENTENCING AUTHORITY.] A court shall ~~sentence~~ *commit* a person to ~~a term of imprisonment of~~ *the commissioner of corrections for a period of time that is* not less than double the presumptive sentence under the sentencing guidelines and not more than the statutory maximum, or if the statutory maximum is less than double the presumptive sentence, ~~to a term of imprisonment~~ *for a period of time that is* equal to the statutory maximum, if:

(1) the court is imposing an executed sentence, based on a sentencing guidelines presumptive imprisonment sentence or a dispositional departure for aggravating circumstances or a mandatory minimum sentence, on a person convicted of committing or attempting to commit a violation of section 609.342, 609.343, 609.344, or 609.345, or on a person convicted of committing or attempting to commit any other crime listed in subdivision 2 if it reasonably appears to the court that the crime was motivated by the offender's sexual impulses or was part of a predatory pattern of behavior that had criminal sexual conduct as its goal;

(2) the court finds that the offender is a danger to public safety; and

(3) the court finds that the offender needs long-term treatment or supervision beyond the presumptive term of imprisonment and supervised release. The finding must be based on a professional assessment by an examiner experienced in evaluating sex offenders that concludes that the offender is a patterned sex offender. The assessment must contain the facts upon which the conclusion is based, with reference to the offense history of the offender or the severity of the current offense, the social history of the offender, and the results of an examination of the offender's mental status unless the offender refuses to be examined. The conclusion may not be based on testing alone. A patterned sex offender is one whose criminal sexual behavior is so engrained that the risk of reoffending is great without intensive psychotherapeutic intervention or other long-term controls.

Sec. 26. Minnesota Statutes 1992, section 609.15, subdivision 2, is amended to read:

Subd. 2. [LIMIT ON ~~TERMS~~ *SENTENCES*; MISDEMEANOR AND GROSS MISDEMEANOR.] If the court specifies that the sentence shall run consecutively and all of the sentences are for misdemeanors, the total of the ~~terms of imprisonment~~ *sentences* shall not exceed one year. If all of the sentences are for gross misdemeanors, the total of the ~~terms~~ *sentences* shall not exceed three years.

Sec. 27. Minnesota Statutes 1992, section 609.152, subdivision 1, is amended to read:

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

(b) "Conviction" means any of the following accepted and recorded by the court: a plea of guilty, a verdict of guilty by a jury, or a finding of guilty by the court. The term includes a conviction by any court in Minnesota or another jurisdiction.

(c) "Prior conviction" means a conviction that occurred before the offender committed the next felony resulting in a conviction and before the offense for which the offender is being sentenced under this section.

(d) "Violent crime" means a violation of or an attempt or conspiracy to violate any of the following laws of this state or any similar laws of the United States or any other state: section 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.228; 609.235; 609.24; 609.245; 609.25; 609.255; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.268; 609.342; 609.343; 609.344; 609.345; 609.498, subdivision 1; 609.561; 609.562; 609.582, subdivision 1; 609.687; or any provision of chapter 152 that is punishable by a maximum ~~term of imprisonment~~ *sentence* of 15 years or more.

Sec. 28. Minnesota Statutes 1992, section 609.196, is amended to read:

609.196 [MANDATORY PENALTY FOR CERTAIN MURDERERS.]

When a person is convicted of violating section 609.19 or 609.195, the court shall sentence the person to the statutory maximum ~~term of imprisonment~~ *sentence* for the offense if the person was previously convicted of a heinous crime as defined in section 609.184 and 15 years have not elapsed since the person was discharged from the sentence imposed for that conviction. The court may not stay the imposition or execution of the sentence, notwithstanding section 609.135.

Sec. 29. Minnesota Statutes 1992, section 609.229, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) If the crime committed in violation of subdivision 2 is a felony, the statutory maximum for the crime is three years longer than the statutory maximum for the underlying crime.

(b) If the crime committed in violation of subdivision 2 is a misdemeanor, the person is guilty of a gross misdemeanor.

(c) If the crime committed in violation of subdivision 2 is a gross misdemeanor, the person is guilty of a felony and may be sentenced to a ~~term of~~ imprisonment ~~of~~ *for* not more than one year and a day or to payment of a fine of not more than $5,000, or both.

Sec. 30. Minnesota Statutes 1992, section 609.346, subdivision 2, is amended to read:

Subd. 2. [SUBSEQUENT SEX OFFENSE; PENALTY.] Except as provided in subdivision 2a or 2b, if a person is convicted under sections 609.342 to 609.345, within 15 years of a previous sex offense conviction, the court shall commit the defendant to the commissioner of corrections for ~~imprisonment for a term of~~ not less than three years, nor more than the maximum sentence provided by law for the offense for which convicted, notwithstanding the provisions of sections 242.19, 243.05, 609.11, 609.12 and 609.135. The

court may stay the execution of the sentence imposed under this subdivision only if it finds that a professional assessment indicates the offender is accepted by and can respond to treatment at a long-term inpatient program exclusively treating sex offenders and approved by the commissioner of corrections. If the court stays the execution of a sentence, it shall include the following as conditions of probation: (1) incarceration in a local jail or workhouse; and (2) a requirement that the offender successfully complete the treatment program and aftercare as directed by the court.

Sec. 31. Minnesota Statutes 1992, section 609.346, subdivision 2b, is amended to read:

Subd. 2b. [MANDATORY 30-YEAR SENTENCE.] (a) The court shall ~~sentence~~ *commit* a person to a ~~term of~~ *the commissioner of corrections for not less than* 30 years, notwithstanding the statutory maximum sentence under section 609.343, if:

(1) the person is convicted under section 609.342, subdivision 1, clause (c), (d), (e), or (f); or 609.343, subdivision 1, clause (c), (d), (e), or (f); and

(2) the court determines on the record at the time of sentencing that:

(i) the crime involved an aggravating factor that would provide grounds for an upward departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions; and

(ii) the person has a previous sex offense conviction under section 609.342, 609.343, or 609.344.

(b) Notwithstanding sections 609.342, subdivision 3; and 609.343, subdivision 3; and subdivision 2, the court may not stay imposition or execution of the sentence required by this subdivision.

Sec. 32. Minnesota Statutes 1992, section 609.3461, subdivision 2, is amended to read:

Subd. 2. [BEFORE RELEASE.] If a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or sentenced as a patterned sex offender under section 609.1352, and committed to the custody of the commissioner of corrections ~~for a term of imprisonment~~, has not provided a biological specimen for the purpose of DNA analysis, the commissioner of corrections or local corrections authority shall order the person to provide a biological specimen for the purpose of DNA analysis before completion of the person's term of imprisonment. The commissioner of corrections or local corrections authority shall forward the sample to the bureau of criminal apprehension.

Sec. 33. Minnesota Statutes 1992, section 609.582, subdivision 1a, is amended to read:

Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for ~~a mandatory minimum term of imprisonment of~~ not less than six months.

Sec. 34. Minnesota Statutes 1992, section 609.891, subdivision 2, is amended to read:

Subd. 2. [FELONY.] (a) A person who violates subdivision 1 in a manner that creates a grave risk of causing the death of a person is guilty of a felony and may be sentenced to ~~a term of~~ imprisonment ~~of~~ *for* not more than ten years or to payment of a fine of not more than $20,000, or both.

(b) A person who is convicted of a second or subsequent gross misdemeanor violation of subdivision 1 is guilty of a felony and may be sentenced under paragraph (a).

Sec. 35. Minnesota Statutes 1992, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18; or transferred from one correctional facility to another when the correctional program involves less security, if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice. The good faith effort to notify the victim must occur prior to the release, transfer, or change in security status. For a victim of a felony crime against the person for which the offender was sentenced to ~~a term of~~ imprisonment ~~of~~ *for* more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release, transfer, or change in security status.

Sec. 36. Minnesota Statutes 1992, section 629.291, subdivision 1, is amended to read:

Subdivision 1. [PETITION FOR TRANSFER.] The attorney general of the United States, or any of the attorney general's assistants, or the United States attorney for the district of Minnesota, or any of the United States attorney's assistants, may file a petition with the governor requesting the state of Minnesota to consent to transfer an inmate, serving a ~~term of imprisonment~~ *sentence* in a Minnesota correctional facility for violation of a Minnesota criminal law, to the United States district court for the purpose of being tried for violation of a federal criminal law. In order for a petition to be filed under this section, the inmate must at the time of the filing of the petition be under indictment in the United States district court for Minnesota for violation of a federal criminal law. The petition must name the inmate for whom transfer is requested and the Minnesota correctional facility in which the inmate is imprisoned. The petition must be verified and have a certified copy of the federal indictment attached to it. The petitioner must agree in the petition to pay all expenses incurred by the state in transferring the inmate to the United States court for trial.

Sec. 37. [EFFECTIVE DATE.]

Sections 1 to 36 are effective August 1, 1993, and apply to crimes committed on or after that date.

ARTICLE 14

APPROPRIATIONS

Section 1. [APPROPRIATION.]

$9,345,000 is appropriated from the general fund to the agencies and for the purposes indicated in this article, to be available for the fiscal year ending June 30 in the years indicated.

	1994	1995
Sec. 2. DEPARTMENT OF EDUCATION.		
For violence prevention education grants under Minnesota Statutes, section 126.78. One hundred percent of this appropriation must be paid according to the process established in Minnesota Statutes, section 124.195, subdivision 9. Up to $50,000 of this appropriation may be used for administration of the programs funded in this section.	1,500,000	1,500,000
Sec. 3. HIGHER EDUCATION COORDINATING BOARD		
For purposes of article 12, sections 13, 14, and 15.	200,000	200,000
Sec. 4. DARE ADVISORY COUNCIL		
For drug abuse resistance education programs under Minnesota Statutes, section 299A.331.	190,000	190,000
Sec. 5. DEPARTMENT OF PUBLIC SAFETY	950,000	950,000
(a) For community crime reduction grants under Minnesota Statutes, section 299A.35. Of this appropriation, $500,000 each year is for programs qualifying under Minnesota Statutes, section 299A.35, subdivision 1, clauses (2) and (4); $100,000 each year is for programs qualifying under section 299A.35, subdivision 1, clause (3); and $100,000 each year is for programs qualifying under section 299A.35, subdivision 1, clause (5).	700,000	700,000
(b) For the costs of providing training on and auditing of the BCA's criminal justice information systems reporting requirements.	100,000	100,000
(c) For the costs of providing training on and auditing of the criminal justice data communications network criminal justice information systems reporting requirements.	100,000	100,000

(d) For the costs of implementing the sex offender registration provisions.	50,000	50,000
Sec. 6. DEPARTMENT OF HUMAN SERVICES		
For the Asian-American juvenile crime prevention grant program authorized by Minnesota Statutes, section 256.486.	100,000	100,000
Sec. 7. DEPARTMENT OF HEALTH		
For the planning process for an institute for child and adolescent sexual health.	65,000	-0-
Sec. 8. DEPARTMENT OF CORRECTIONS	1,500,000	1,600,000
(a) For the survey of inmates required by article 12, section 17.	25,000	-0-
(b) For the sex offender programming project required by article 8, section 7, to be available until June 30, 1995.	1,175,000	1,300,000
(c) For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	50,000	50,000
(d) For the costs of the juvenile restitution grant program. The commissioner may use up to five percent of this appropriation for administrative expenses.	250,000	250,000
Sec. 9. SUPREME COURT		
For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	100,000	100,000
Sec. 10. SENTENCING GUIDELINES COMMISSION		
For the costs of providing training on and auditing of criminal justice information systems reporting requirements.	50,000	50,000"

Delete the title and insert:

"A bill for an act relating to crime prevention; prohibiting drive-by shootings, possession of dangerous weapons and trespassing on school property, negligent storage of firearms, and reckless discharge of firearms; regulating the transfer of semiautomatic military-style assault weapons; prohibiting possession of a device for converting a firearm to fire at the rate of a machine gun; prohibiting carrying rifles and shotguns in public; increasing penalty for repeat violations of pistol carry permit law; providing for forfeiture of vehicles used in drive-by shootings and prostitution; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled

substance offenses; revising wiretap warrant law; providing for sentence of life without release for first-degree murder of a peace officer; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; making terminology changes and technical corrections related to new felony sentencing law; expanding scope of sex offender registration and DNA specimen provisions; requiring certain counties to establish diversion programs; increasing certain surcharges and fees; expanding community crime reduction grant programs; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 13.99, by adding a subdivision; 16B.08, subdivision 7; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 147.09; 152.021, subdivision 3; 152.022, subdivisions 1 and 3; 152.023, subdivisions 2 and 3; 152.024, subdivision 3; 152.025, subdivision 3; 152.026; 152.0971, subdivision 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, 4, and by adding subdivisions; 152.18, subdivision 1; 168.345, by adding a subdivision; 168.346; 169.121, subdivision 3a; 169.222, subdivision 6, and by adding a subdivision; 169.64, subdivision 3; 169.98, subdivision 1a; 171.12, by adding a subdivision; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivisions 1, 2, and by adding a subdivision; 243.166, subdivisions 1, 2, 3, 4, 6, and by adding subdivisions; 243.18, subdivision 2, and by adding a subdivision; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 256.486; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 289A.63, by adding a subdivision; 297B.10; 299A.35, subdivisions 1 and 2; 299C.065, subdivision 1; 299C.46, by adding a subdivision; 299C.54, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.811; 299F.815, subdivision 1; 307.08, subdivision 2; 343.21, subdivisions 9 and 10; 357.021, subdivision 2; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.06; 609.101, subdivisions 1, 2, 3, 4, and by adding a subdivision; 609.11; 609.13, by adding a subdivision; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivision 1; 609.184, subdivision 2; 609.196; 609.224, subdivision 2, and by adding a subdivision; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461, subdivision 2; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531; 609.5311, subdivision 3; 609.5312, subdivision 2, and by adding a subdivision; 609.5314, subdivisions 1 and 3; 609.5315, subdivisions 1, 2, 4, and by adding a subdivision; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivision 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02,

subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, and 3; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 611A.71, subdivisions 1, 2, 3, and 7; 624.711; 624.712, subdivisions 5, 6, and by adding subdivisions; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 624.714, subdivision 1; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, articles 7, section 13, subdivision 1; and 16, section 4; proposing coding for new law in Minnesota Statutes, chapters 121; 169; 174; 242; 254A; 260; 401; 471; 473; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 214.10, subdivisions 4, 5, 6, and 7; 241.25; 241.67, subdivision 5; 241.671; 243.165; 299A.325; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5."

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

House Conferees: (Signed) Wesley J. "Wes" Skoglund, Dave Bishop, Phil Carruthers, Mary Jo McGuire, Chuck Brown

Senate Conferees: (Signed) Randy C. Kelly, Allan H. Spear, Ellen R. Anderson, Jane B. Ranum, Patrick D. McGowan

Mr. Kelly moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1585 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. 1585 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Belanger	Hanson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	
Dille	Krentz	Morse	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and

Resolutions, the Senate reverted to the Orders of Business of Executive and Official Communications and Messages From the House.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Mr. President:

I have vetoed and am returning Chapter 135, Senate File 1158/House File 1022, a bill relating to workers' compensation.

Chapter 135 is a step backwards from the reform efforts begun last year. This measure would actually increase costs an estimated $60 million for Minnesota businesses.

I am disappointed that the first bill to reach my desk on this issue contains no reform and simply adds more costs to the present, inefficient system. The efforts of the 1992 legislature appear to have been forgotten by the 1993 legislature. Workers' compensation costs continue to increase. We need to finish the job we began last year.

I remain committed to fighting for true workers' compensation reform and am hopeful that I will be given the opportunity to sign such a measure before the close of the session.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 1158 and the veto message thereon be laid on the table. The motion prevailed.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 134, Senate File 952/House File 998, a bill requiring crane operators to be licensed by the state and establishing a licensing board.

This would add yet another state board to a list that is already too long. We require licenses and have established boards for fourteen separate occupations. This habit of creating more regulation and bureaucracies needs examination. More importantly, I am not aware of any other state in the union nor province in Canada which requires the licensing of crane operators.

This bill is unnecessary and would duplicate safeguards already in place. Rather than create another level of bureaucracy, any problems relating to crane

operation can and should be addressed through existing state programs at the Department of Labor and Industry.

Therefore, I will direct the department to create more apprenticeship opportunities for training crane operators. In addition, I have asked the Department's Occupation, Safety and Health division to emphasize inspection of crane operation safety procedures.

While I applaud the intent behind this legislation, I am convinced that we can accomplish this without creating more boards and bureaucracy.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 952 and the veto message thereon be laid on the table. The motion prevailed.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 133, Senate File 645/House File 700, a bill relating to railroad acquisitions.

Chapter 133 attempts to create a priority hiring right for railroad employees when one railroad is acquired by another. This measure is identical to a bill I pocket vetoed at the end of the 1992 session. Once again, the legislature has produced a bill which may harm rural Minnesota and is of questionable contitutionality.

Rural Minnesota depends on rail transportation to move approximately 120 tons of commodities each year. Much of this freight is moved on track acquired by regional railroads that have been able to provide continued service in the face of abandonment by larger carriers. These shortlines have been able to operate at a lower cost and provide flexible service to local shippers, particularly rural elevators and agribusiness. Imposing new state restrictions and burdens on top of the present federal system would be unwise.

The bill is also an invitation to litigation. Congress and the Supreme Court have made it clear that rail transportation in general, and rail line sales in particular, are preempted by federal law. The Interstate Commerce Commission and the National Mediation Board have exclusive jurisdiction in this field.

However, I firmly believe that rail employees have made some compelling arguments. These workers should have some rights after an acquisition. Minnesota has a history of creative solutions when unions and employees sit down together. Toward that end, I have asked Senator Dean Johnson to work with the affected parties and seek a compromise for the 1994 legislative session.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 645 and the veto message thereon be laid on the table. The motion prevailed.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State Chapter 172, Senate File No. 1570/House File No. 1737 (with the exception of page 3, lines 12-16, page 9, lines 25-34, page 10, lines 2-10, and page 21, line 12 (second year only)).

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that the foregoing veto message be laid on the table. The motion prevailed.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 198, Senate File 361/House File 888 a bill which would extend the existence of the advisory council on the protection systems and require gender balance on the council.

In 1992 the legislature created the council on fire protection systems. Now the legislature has seen fit to require gender balance on this council. I am saddened that the issue of gender balance keeps appearing in various sections of various bills. My position is clear: appointments must be based on merit, not quotas. I will continue to make competence the sole basis for council appointments.

Unfortunately, the legislature has held the fire protection council hostage in its zeal for gender balance. I will work with the Department of Public Safety and the State Fire Marshal to continue the valuable work of the present council. It is even more unfortunate that the legislature continues to exempt itself from this postion while attempting to impose it on others.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 361 and the veto message thereon be laid on the table. The motion prevailed.

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Senator Spear:

I have vetoed and am returning Chapter 193, Senate File 1613/House File 1741, the Omnibus Jobs, Housing and Economic Development Appropriations bill.

This bill contains many fine programs, some of which were contained in the budget I presented to the Legislature in January; others which were legislative initiatives. The summer jobs program for youth and small business initiatives are but a few of the many examples.

However, this Ominibus Appropriations legislation is $26 million above the spending target. It contributes to the overall $140 million imbalance we face in the waning days of this session.

It is my sincere hope that if the Legislature wishes to produce appropriations bills, which exceed our state's capacity to pay, it must also allow me the fiscal tool of unallotment before the final gavel sounds. The alternative is to return these spending bills for adjustment so that Minnesota government lives within its means.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 1613 and the veto message thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 376, 334, 502, 452, 918, 981 and 1418.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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. 1054: A bill for an act relating to state departments and agencies; providing for reports on advisory task forces committees and councils; providing for their expirations; eliminating certain advisory bodies; amending Minnesota Statutes 1992, sections 6.65; 15.059, subdivision 5; 16B.39, subdivision 1a; 41A.02, subdivision 1; 41A.04, subdivisions 2 and 4; 116J.975; 125.188, subdivision 3; 125.1885, subdivision 3; 129D.16; 148.235, subdivision 2; 246.017, subdivision 2; 246.56, subdivision 2; 256B.0629, subdivision 4; and 256B.433, subdivision 1; 299F.093, subdivision 1; repealing Minnesota Statutes 1992, sections 41.54; 41A.07; 43A.31, subdivision 4; 82.30, subdivision 1; 84.524, subdivisions 1 and 2; 85A.02, subdivision 4; 86A.10, subdivision 1; 116J.645; 116J.984, subdivision 11; 116N.05; 120.064, subdivision 6; 121.87; 145.93, subdivision 2; 148B.20, subdivision 2; 152.02, subdivision 11; 175.008; 184.23; 206.57, subdivision 3; 245.476, subdivision 4; 245.4885, subdivision 4; 256.9745; 256B.0629, subdivisions 1, 2, and 3; 256B.433, subdivision 4; 257.072, subdivision 6; 299F.092, subdivision 9; 299F.097; and 626.5592.

Senate File No. 1054 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Ms. Wiener moved that the Senate concur in the amendments by the House to S.F. No. 1054 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1054 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Murphy	Robertson
Anderson	Flynn	Laidig	Neuville	Runbeck
Beckman	Frederickson	Langseth	Novak	Sams
Belanger	Hanson	Larson	Oliver	Samuelson
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, J.B.	Marty	Piper	Terwilliger
Betzold	Johnston	McGowan	Pogemiller	Vickerman
Chandler	Kelly	Merriam	Price	Wiener
Cohen	Kiscaden	Metzen	Ranum	
Day	Knutson	Moe, R.D.	Reichgott	
Dille	Krentz	Morse	Riveness	

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. 1077: A bill for an act relating to human services; regulating child care programs; requiring an interpretive memoranda study; providing for a vulnerable adult study; amending Minnesota Statutes 1992, sections 245A.02, subdivisions 6a and 14; 245A.03, subdivision 2; 245A.04, subdivision 3; 245A.06, subdivision 2; 245A.09, subdivision 7; 245A.14, subdivision 6; and 245A.16, subdivision 6.

Senate File No. 1077 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House

to S.F. No. 1077 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1077 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Morse	Robertson
Anderson	Finn	Laidig	Murphy	Runbeck
Beckman	Flynn	Langseth	Neuville	Sams
Belanger	Frederickson	Larson	Novak	Samuelson
Benson, D.D.	Hanson	Lesewski	Oliver	Solon
Benson, J.E.	Hottinger	Lessard	Olson	Spear
Berg	Janezich	Luther	Pariseau	Stevens
Berglin	Johnson, D.E.	Marty	Piper	Stumpf
Bertram	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Betzold	Johnston	Merriam	Price	Vickerman
Chandler	Kiscaden	Metzen	Ranum	Wiener
Cohen	Knutson	Moe, R.D.	Reichgott	
Day	Krentz	Mondale	Riveness	

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. 1368: A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

Senate File No. 1368 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

Mr. Chandler moved that the Senate do not concur in the amendments by the House to S.F. No. 1368, 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. 748: A bill for an act relating to human services; clarifying day training and habilitation transportation exemptions; clarifying that counties may contract with hospitals to provide outpatient mental health services;

clarifying the definition of crisis assistance; increasing the allowable duration of unlicensed, single-family respite care; clarifying the definition of related condition and application procedures for family support grants; correcting references to case management and hospital appeals; clarifying eligibility for case management services; clarifying nursing facility rate adjustments; clarifying the calculation and allowing 12-month plans for special needs exceptions; clarifying requirements for health care provider participation; clarifying voluntary spend-down procedures; amending Minnesota Statutes 1992, sections 174.30, subdivision 1; 245.470, subdivision 1; 245.4871, subdivision 9a; 245.4876, subdivision 2; 245.488, subdivision 1; 245A.03, subdivision 2; 252.27, subdivisions 1 and 1a; 252.32, subdivision 1a; 256.045, subdivision 4a; 256.9686, subdivision 6; 256.9695, subdivisions 1 and 3; 256B.056, subdivision 5; 256B.0644; 256B.092, subdivisions 1, 1b, 1g, 7, and 8a; 256B.431, subdivision 10; 256B.48, subdivision 3a; 256B.501, subdivision 8; and 609.115, subdivision 9; repealing Minnesota Statutes 1992, section 256B.0629.

Senate File No. 748 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Mr. Betzold moved that the Senate concur in the amendments by the House to S.F. No. 748 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 748: A bill for an act relating to human services; clarifying day training and habilitation transportation exemptions; clarifying that counties may contract with hospitals to provide outpatient mental health services; clarifying the definition of crisis assistance; increasing the allowable duration of unlicensed, single-family respite care; clarifying the definition of related condition and application procedures for family support grants; correcting references to case management and hospital appeals; clarifying eligibility for case management services; clarifying nursing facility rate adjustments; clarifying the calculation and allowing 12-month plans for special needs exceptions; clarifying requirements for health care provider participation; clarifying voluntary spend-down procedures; amending Minnesota Statutes 1992, sections 174.30, subdivision 1; 245.470, subdivision 1; 245.4871, subdivision 9a; 245.488, subdivision 1; 245A.03, subdivision 2; 252.27, subdivisions 1 and 1a; 252.32, subdivision 1a; 256.045, subdivision 4a; 256.9686, subdivision 6; 256.9695, subdivisions 1 and 3; 256B.056, subdivision 5; 256B.0644; 256B.092, subdivisions 1, 1b, 1g, 7, and 8a; 256B.431, subdivision 10; 256B.48, subdivision 3a; 256B.501, subdivision 8; and 609.115, subdivision 9; repealing Minnesota Statutes 1992, section 256B.0629.

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

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Morse	Robertson
Anderson	Dille	Krentz	Murphy	Runbeck
Beckman	Finn	Kroening	Neuville	Sams
Belanger	Flynn	Laidig	Novak	Samuelson
Benson, D.D.	Frederickson	Langseth	Oliver	Solon
Benson, J.E.	Hanson	Larson	Olson	Spear
Berg	Hottinger	Lesewski	Pariseau	Stevens
Berglin	Janezich	Luther	Piper	Stumpf
Bertram	Johnson, D.E.	McGowan	Pogemiller	Terwilliger
Betzold	Johnson, D.J.	Merriam	Price	Vickerman
Chandler	Johnson, J.B.	Metzen	Ranum	Wiener
Chmielewski	Johnston	Moe, R.D.	Reichgott	
Cohen	Kiscaden	Mondale	Riveness	

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. 131: A bill for an act relating to motor carriers; restricting authority of regular route common carriers of passengers to depart from their authorized routes; amending Minnesota Statutes 1992, section 221.051.

Senate File No. 131 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Ms. Hanson moved that the Senate concur in the amendments by the House to S.F. No. 131 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 131: A bill for an act relating to motor carriers; restricting authority of regular route common carriers of passengers to depart from their authorized routes; authorizing the continued exercise of certain operating authority by such carriers; abolishing certain regulations related to personal transportation service providers; making technical correction; amending Minnesota Statutes 1992, sections 168.1281, by adding a subdivision; 221.051; and 221.091; repealing Minnesota Statutes 1992, sections 168.011, subdivision 36; 168.1281; 221.011, subdivision 34; and 221.85.

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 5, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kiscaden	Mondale	Riveness
Anderson	Day	Knutson	Morse	Runbeck
Beckman	Dille	Krentz	Murphy	Sams
Belanger	Finn	Kroening	Neuville	Samuelson
Benson, D.D.	Flynn	Langseth	Novak	Solon
Benson, J.E.	Frederickson	Larson	Oliver	Spear
Berg	Hanson	Lessard	Olson	Stevens
Berglin	Hottinger	Luther	Pariseau	Stumpf
Bertram	Janezich	Marty	Piper	Terwilliger
Betzold	Johnson, D.E.	McGowan	Pogemiller	Vickerman
Chandler	Johnson, D.J.	Metzen	Ranum	Wiener
Chmielewski	Johnson, J.B.	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Johnston	Lesewski	Merriam	Price	Robertson

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. 1226: A bill for an act relating to insurance; the comprehensive health association; clarifying the duties of the association and the authority of the commissioner of commerce; repealing obsolete language; amending Minnesota Statutes 1992, sections 62E.08; 62E.09; 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62E.

Senate File No. 1226 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Mr. Price moved that the Senate concur in the amendments by the House to S.F. No. 1226 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1226: A bill for an act relating to insurance; the comprehensive health association; clarifying the duties of the association and the authority of the commissioner of commerce; amending Minnesota Statutes 1992, sections 62E.08; 62E.09; 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62E.

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 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 869, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 869: A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

Senate File No. 869 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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. 1437, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1437: A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

Senate File No. 1437 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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

S.F. No. 306: A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

Senate File No. 306 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

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. 429: A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402;

340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

There has been appointed as such committee on the part of the House:

Jacobs, Osthoff and Gruenes.

Senate File No. 429 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Finn moved that his name be stricken as a co-author to S.F. No. 189. The motion prevailed.

Mr. Stumpf moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 189. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1415 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1415: A bill for an act relating to agriculture; modifying certain provisions relating to wheat and barley promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

Mr. Beckman moved to amend H.F. No. 1415, as amended pursuant to Rule 49, adopted by the Senate May 14, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1501.)

Page 2, after line 25, insert:

"Sec. 5. Minnesota Statutes 1992, section 17.63, is amended to read:

17.63 [REFUND OF FEES.]

(a) Any producer, except a producer of potatoes in area number one, as listed in section 17.54, subdivision 9, or a producer of paddy wild rice, may, by the use of forms to be provided by the commissioner and upon presentation of such proof as the commissioner requires, have the checkoff fee paid pursuant to sections 17.51 to 17.69 fully or partially refunded, provided the checkoff fee was remitted on a timely basis. The request for refund must be received in the office of the commissioner within the time specified in the promotion order following the payment of the checkoff fee. In no event shall these requests for refund be accepted more often than 12 times per year. Refund shall be made by the commissioner and council within 30 days of the request for refund provided that the checkoff fee sought to be refunded has been received. Rules governing the refund of checkoff fees for all commodities shall be formulated by the commissioner, shall be fully outlined in the

promotion order, and shall be available for the information of all producers concerned with the referendum.

(b) The commissioner must allow partial refund requests from corn producers who have checked off and must allow for assignment of payment to the Minnesota corn growers association if the Minnesota corn research and promotion council requests such action by the commissioner. *For the purposes of paragraph (a), written certification by a producer that a sufficient amount of corn was sold to entitle the producer to the partial refund assignment is adequate proof of sale for purposes of assignment of the partial refund. A copy of the written certification must be forwarded to the commissioner of agriculture to be kept on file. In the event a producer applies for a refund under the regular refund program, the amount of the partial refund will be deducted from the amount of the first request for the fiscal year. The partial refund program will be included as part of the department of agriculture's regular auditing procedures.*

(c) The Minnesota corn research and promotion council shall not elect to impose membership on any individual producer not requesting a partial refund or assignment of payment to the association."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1415 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 65 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Mondale	Reichgott
Anderson	Dille	Knutson	Morse	Riveness
Beckman	Finn	Krentz	Murphy	Robertson
Belanger	Flynn	Kroening	Neuville	Runbeck
Benson, D.D.	Frederickson	Laidig	Novak	Sams
Benson, J.E.	Hanson	Langseth	Oliver	Samuelson
Berg	Hottinger	Larson	Olson	Solon
Berglin	Janezich	Lesewski	Pappas	Spear
Bertram	Johnson, D.E.	Luther	Pariseau	Stevens
Betzold	Johnson, D.J.	Marty	Piper	Stumpf
Chandler	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chmielewski	Johnston	Metzen	Price	Vickerman
Cohen	Kelly	Moe, R.D.	Ranum	Wiener

Mr. Merriam 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 H.F. No. 555 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 555: A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03,

subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

Mr. Hottinger moved to amend H.F. No. 555, as amended pursuant to Rule 49, adopted by the Senate May 14, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 683.)

Page 20, line 6, before the period, insert ", *and the commissioner shall report by February 15, 1994, to the house of representatives committee on financial institutions and insurance and to the senate commerce and consumer protection committee on the rules or status of the rulemaking, including the expected loss ratio*"

The motion prevailed. So the amendment was adopted.

H.F. No. 555 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 21, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, J.B.	Lesewski	Pariseau
Beckman	Day	Johnston	Lessard	Ranum
Belanger	Dille	Kelly	McGowan	Robertson
Benson, D.D.	Flynn	Kiscaden	Merriam	Runbeck
Benson, J.E.	Frederickson	Knutson	Metzen	Solon
Berg	Hanson	Kroening	Moe, R.D.	Stevens
Bertram	Hottinger	Laidig	Oliver	Stumpf
Betzold	Janezich	Langseth	Olson	Terwilliger
Chandler	Johnson, D.E.	Larson	Pappas	Vickerman

Those who voted in the negative were:

Anderson	Krentz	Murphy	Price	Wiener
Berglin	Luther	Neuville	Reichgott	
Cohen	Marty	Novak	Sams	
Finn	Mondale	Piper	Samuelson	
Johnson, D.J.	Morse	Pogemiller	Spear	

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. 531 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 531: A bill for an act relating to housing; requiring owner to furnish a tenant with a copy of a written lease; requiring disclosure of inspection and condemnation orders; modifying procedure for tenant file disclosure by tenant screening services; modifying definitions; requiring reports; providing penalties; amending Minnesota Statutes 1992, sections 504.29, by adding a subdivision; 504.30, subdivisions 1, 3, and 4; 504.33, subdivisions 3, 5, and 7; 504.34, subdivisions 1 and 2; and 566.18, subdivisions 2 and 7; Laws 1989, chapter 328, article 2, section 17,

subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 504; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

Ms. Anderson moved that the amendment made to H.F. No. 531 by the Committee on Rules and Administration in the report adopted May 14, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 531 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dille	Knutson	Moe, R.D.	Ranum
Anderson	Finn	Krentz	Mondale	Reichgott
Beckman	Flynn	Kroening	Morse	Robertson
Belanger	Frederickson	Laidig	Murphy	Runbeck
Benson, D.D.	Hanson	Langseth	Neuville	Sams
Benson, J.E.	Hottinger	Larson	Novak	Samuelson
Berglin	Janezich	Lesewski	Oliver	Solon
Bertram	Johnson, D.E.	Lessard	Olson	Spear
Betzold	Johnson, D.J.	Luther	Pappas	Stevens
Chandler	Johnson, J.B.	Marty	Pariseau	Stumpf
Chmielewski	Johnston	McGowan	Piper	Terwilliger
Cohen	Kelly	Merriam	Pogemiller	Vickerman
Day	Kiscaden	Metzen	Price	Wiener

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that S.F. No. 1613 and the veto message thereon be taken from the table. The motion prevailed.

S.F. No. 1613: A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; eliminating or transferring certain agency powers and duties; requiring studies and reports; amending Minnesota Statutes 1992, sections 3.30, subdivision 2, as amended; 15.38, by adding a subdivision; 15.50, subdivision 2; 16A.128, subdivision 2; 16A.28, by adding a subdivision; 16A.72; 16B.06, subdivision 2a; 44A.01, subdivisions 2 and 4; 44A.025; 82.21, by adding a subdivision; 116J.617; 116J.982; 216B.62, subdivisions 3 and 5; 237.295, subdivision 2, and by adding a subdivision; 239.011, subdivision 2; 239.10; 239.791, subdivisions 6 and 8; 239.80, subdivisions 1 and 2; 257.0755; 268.022, subdivisions 1 and 2; 268.361, subdivisions 6 and 7; 268.362; 268.363; 268.364, subdivisions 1, 3, and by adding a subdivision; 268.365, subdivision 2; 268.55; 268.914, subdivision 1; 268.975, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 268.976, subdivision 2; 268.978, subdivision 1; 268.98; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; 298.296, subdivision 1; 303.13, subdivision 1; 303.21, subdivision 3; 322A.16; 333.20, subdivision 4; 333.22, subdivision 1; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-413; 336A.04, subdivision 3; 336A.09, subdivision 2; 349A.10, subdivision 5; 359.01, subdivision 3; 359.02; 386.65; 386.66; 386.67; 386.68; 386.69;

462A.057, subdivision 1; 462A.21, by adding subdivisions; and 469.011, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 116M; 129D; 239; 268; 386; 462A; and 504; proposing coding for new law as Minnesota Statutes, chapter 138A; repealing Minnesota Statutes 1992, sections 44A.12; 138.97; 239.05, subdivision 2c; 239.52; 239.78; 268.365, subdivision 1; 268.914, subdivision 2; 268.977; 268.978, subdivision 3; 386.61, subdivision 3; 386.63; 386.64; and 386.70.

RECONSIDERATION

Mr. Kroening moved that S.F. No. 1613 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23 of the Constitution of the State of Minnesota.

Mr. Moe, R.D. moved that Rule 27 be so far suspended as to allow the vote on the overriding of the Governor's veto to be taken by means of the electrical voting system. The motion prevailed.

The question was taken on the adoption of the motion of Mr. Kroening.

The roll was called, and there were yeas 44 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Morse	Riveness
Anderson	Flynn	Langseth	Murphy	Sams
Beckman	Hanson	Lessard	Novak	Samuelson
Berglin	Hottinger	Luther	Pappas	Solon
Bertram	Janezich	Marty	Piper	Spear
Betzold	Johnson, D.J.	Merriam	Pogemiller	Stumpf
Chandler	Johnson, J.B.	Metzen	Price	Vickerman
Chmielewski	Kelly	Moe, R.D.	Ranum	Wiener
Cohen	Krentz	Mondale	Reichgott	

Those who voted in the negative were:

Belanger	Dille	Knutson	Neuville	Runbeck
Benson, D.D.	Frederickson	Laidig	Oliver	Stevens
Benson, J.E.	Johnson, D.E.	Larson	Olson	Terwilliger
Berg	Johnston	Lesewski	Pariseau	
Day	Kiscaden	McGowan	Robertson	

The motion did not prevail. Not having received the constitutionally required two-thirds vote, the veto was not reconsidered and not repassed.

MOTIONS AND RESOLUTIONS – CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 201 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 201: A bill for an act relating to elections; permitting cities to use mail ballots in city, county, and state elections; amending Minnesota Statutes 1992, section 204B.45, subdivision 1.

Mr. Marty moved to amend H.F. No. 201, the unofficial engrossment, as follows:

Page 1, after line 6, insert:

"ARTICLE 1"

Page 1, after line 18, insert:

"ARTICLE 2

Section 1. Minnesota Statutes 1992, section 10A.01, is amended by adding a subdivision to read:

Subd. 9a. [ELECTION CYCLE.] *"Election cycle" means the period from January 1 following a general election for an office to December 31 following the next general election for that office, except that "election cycle" for a special election means the period from the date the special election writ is issued to 60 days after the special election is held.*

Sec. 2. Minnesota Statutes 1992, 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. *An expenditure by a political party or political party unit, as defined in section 10A.275, subdivision 3, in a race where the political party has a candidate on the ballot is not an independent expenditure.*

Sec. 3. Minnesota Statutes 1992, section 10A.01, subdivision 10c, is amended to read:

Subd. 10c. [NONCAMPAIGN DISBURSEMENT.] "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~~ *any of the following purposes:*

(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~~ *a public subsidy*;

(e) payment for food, beverages, 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 half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;*

(g) a donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f);

(h) payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities;

(i) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;

(j) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;

(k) costs of child care for the candidate's children when campaigning;

(l) fees paid to attend a campaign school;

(m) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;

(n) interest on loans paid by a principal campaign committee on outstanding loans;

(o) filing fees;

(p) post-general election thank-you notes or advertisements in the news media;

(q) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;

(r) transfers to a party unit as defined in section 10A.275, subdivision 3; and

(s) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision~~; and~~

~~(h) Payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities~~.

Sec. 4. Minnesota Statutes 1992, section 10A.01, is amended by adding a subdivision to read:

Subd. 29. [POPULATION.] *"Population" means the population established by the most recent federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by an estimate made by the state demographer under section 4A.02, whichever has the latest stated date of count or estimate.*

Sec. 5. Minnesota Statutes 1992, section 10A.04, is amended by adding a subdivision to read:

Subd. 8. [REPORTS BY SOLICITORS.] *A lobbyist who directly solicits and causes others to make aggregate contributions to candidates or a caucus of the members of a political party in a house of the legislature in excess of $5,000 between January 1 of the election year and 25 days before the primary or general election must file the information in the report required by section 10A.20, subdivision 14, ten days before the primary or general election. This disclosure requirement is in addition to the report required by section 10A.20, subdivision 14.*

Sec. 6. Minnesota Statutes 1992, section 10A.065, subdivision 1, is amended to read:

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

Sec. 7. Minnesota Statutes 1992, section 10A.065, subdivision 5, is amended to read:

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 a judicial office; or to a member of such a political committee acting solely on behalf of the committee.

Sec. 8. Minnesota Statutes 1992, section 10A.14, subdivision 2, is amended to read:

Subd. 2. The statement of organization shall include:

(a) The name and address of the political committee or political fund;

(b) The name and address of any supporting association of a political fund;

(c) The name and address of the chair, the treasurer, and any deputy treasurers;

(d) A listing of all depositories or safety deposit boxes used;

(e) A statement as to whether the committee is a principal campaign committee *as authorized by section 10A.19, subdivision 1*; and

(f) For political parties only, a list of categories of substate units as defined in section 10A.27, subdivision 4.

Sec. 9. Minnesota Statutes 1992, section 10A.15, is amended by adding a subdivision to read:

Subd. 3c. [RELATED COMMITTEES.] *An individual, association, political committee, or political fund may establish, finance, maintain, or control a political committee or political fund. One who does this is a "parent." The political committee or fund so established, financed, maintained, or controlled is a "subsidiary." If the parent is an association, the association must create a political committee or political fund to serve as the parent for reporting purposes. A subsidiary must report its contribution to a candidate or principal campaign committee as attributable to its parent, and the contri-*

bution is counted toward the contribution limits in section 10A.27 of the parent as well as of the subsidiary.

Sec. 10. Minnesota Statutes 1992, section 10A.15, is amended by adding a subdivision to read:

Subd. 5. [LOBBYIST, POLITICAL COMMITTEE, OR POLITICAL FUND REGISTRATION NUMBER ON CHECKS.] *A contribution made to a candidate by a lobbyist, political committee, or political fund must show the name of the lobbyist, political committee, or political fund and the number under which it is registered with the board.*

Sec. 11. Minnesota Statutes 1992, section 10A.16, is amended to read:

10A.16 [EARMARKING *CONTRIBUTIONS PROHIBITED.*]

~~Any~~ *An* individual, political committee, or political fund ~~which receives~~ *may not solicit or accept* a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate ~~shall disclose to the ultimate recipient, and in the reports required by section 10A.20, the original source of the contribution, the fact that the contribution is earmarked and the candidate to whom it is directed. The ultimate recipient of any contribution so earmarked shall also disclose the original source and the individual, political committee, or political fund through which it is directed. This section applies only to contributions required to be disclosed by section 10A.20, subdivision 3, clause (b). Any~~ *other than the initial recipient. An* individual, political committee, or political fund who knowingly accepts any earmarked contribution ~~and fails to make the required disclosure~~ is guilty of a gross misdemeanor.

Sec. 12. Minnesota Statutes 1992, section 10A.17, subdivision 4, is amended to read:

Subd. 4. Any individual, political committee, or political fund who independently solicits or accepts contributions or makes independent expenditures on behalf of any candidate shall publicly disclose that the ~~candidate has not approved the~~ expenditure *is an independent expenditure*. All written communications with those from whom contributions are independently solicited or accepted or to whom independent expenditures are made on behalf of a candidate, shall contain a statement in conspicuous type that the activity *is an independent expenditure and* is not approved by the candidate nor is the candidate responsible for it. Similar language shall be included in all oral communications, in conspicuous type on the front page of all literature and advertisements published or posted, and at the end of all broadcast advertisements made by that individual, political committee or political fund on the candidate's behalf.

Sec. 13. Minnesota Statutes 1992, section 10A.17, subdivision 5, is amended to read:

Subd. 5. Any person who knowingly violates the provisions of subdivision 2 ~~or 4, or who falsely claims that the candidate has not approved the expenditure or activity~~ is guilty of a misdemeanor. *A person who knowingly violates the provisions of subdivision 4 or falsely claims that an expenditure was an independent expenditure is guilty of a gross misdemeanor.*

Sec. 14. Minnesota Statutes 1992, 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~~ *accept a public subsidy* unless the candidate designates and causes to be formed a single principal campaign committee *for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit as defined in section 10A.275, subdivision 3.*

A political committee bearing a candidate's name or title or otherwise operating under the direct or indirect control of the candidate, other than a principal campaign committee of the candidate, may not accept contributions after the effective date of this section, and must be dissolved by December 31, 1993.

Sec. 15. Minnesota Statutes 1992, section 10A.20, subdivision 2, is amended to read:

Subd. 2. The reports shall be filed with the board on or before January 31 of each year and additional reports shall be filed as required and in accordance with clauses (a) and (b).

(a) In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a primary and a general election, seven days before a special primary and a special election, and ~~30~~ *ten* days after a special election *cycle*. The report due after a special election may be filed on January 31 following the special election if the special election is held not more than 60 days before that date.

(b) In each general election year political committees and political funds other than principal campaign committees shall file reports ten days before a primary and general election.

If a scheduled filing date falls on a Saturday, Sunday or legal holiday, the filing date shall be the next regular business day.

Sec. 16. Minnesota Statutes 1992, section 10A.20, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF REPORT.] 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) 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; ~~and~~

(m) The sum of all noncampaign disbursements made within the year by or on behalf of a principal campaign committee, political committee, or political fund; *and*

(n) A report filed under subdivision 2, clause (b), by a political committee or political fund that is subject to subdivision 14, must contain the information required by subdivision 14, if the political committee or political fund has solicited and caused others to make aggregate contributions greater than $5,000 between January 1 of the general election year and the end of the reporting period. This disclosure requirement is in addition to the report required by subdivision 14.

Sec. 17. Minnesota Statutes 1992, section 10A.20, is amended by adding a subdivision to read:

Subd. 6b. [INDEPENDENT EXPENDITURES; NOTICE.] *(a) Within 24 hours after an individual, political committee, or political fund makes or becomes obligated by oral or written agreement to make an independent expenditure in excess of $100, other than an expenditure by an association targeted to inform solely its own dues-paying members of the association's position on a candidate, the individual, political committee, or political fund shall file with the board an affidavit notifying the board of the intent to make the independent expenditure and serve a copy of the affidavit on each candidate in the affected race and on the treasurer of the candidate's principal campaign committee. The affidavit must contain the information with respect to the expenditure that is required to be reported under subdivision 3, paragraph (g); except that if an expenditure is reported before it is made, the notice must include a reasonable estimate of the anticipated amount. Each new expenditure requires a new notice.*

(b) An individual or the treasurer of a political committee or political fund who fails to give notice as required by this subdivision, or who files a false affidavit of notice, is guilty of a gross misdemeanor and is subject to a civil fine of up to four times the amount of the independent expenditure stated in the notice or of which notice was required, whichever is greater.

Sec. 18. Minnesota Statutes 1992, section 10A.20, is amended by adding a subdivision to read:

Subd. 14. [REPORTS BY SOLICITORS.] *An individual, association, political committee, or political fund, other than a candidate or the members of a candidate's principal campaign committee, that directly solicits and causes others to make contributions to candidates or a caucus of the members of a political party in a house of the legislature, that aggregate more than $5,000 in a calendar year must file with the board a report disclosing the amount of each contribution, the names of the contributors, and to whom the contributions were given. The report for each calendar year must be filed with the board by January 31 of the following year. The report must cover the accumulated contributions made or received during the calendar year.*

Sec. 19. Minnesota Statutes 1992, section 10A.24, subdivision 1, is amended to read:

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. *"Assets" include credit balances at vendors and physical assets such as computers and postage stamps. Physical assets must be listed at their fair market value.* The termination report may be made at any time and shall include all information required in periodic reports.

Sec. 20. Minnesota Statutes 1992, section 10A.25, subdivision 2, is amended to read:

Subd. 2. *(a)* 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)~~ *(1)* For governor and lieutenant governor, running together, $1,626,691;

~~(b)~~ *(2)* For attorney general, $271,116;

~~(c)~~ *(3)* For secretary of state, state treasurer, and state auditor, separately, $135,559;

~~(d)~~ *(4)* For state senator, $40,669;

~~(e)~~ *(5)* For state representative, $20,335.

(b) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

(c) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who is running for that office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

Sec. 21. Minnesota Statutes 1992, section 10A.25, subdivision 6, is amended to read:

Subd. 6. In any year ~~following~~ *before* 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 ~~one-fourth~~ *20 percent* of the expenditure limit set forth in subdivision 2.

Sec. 22. Minnesota Statutes 1992, section 10A.25, subdivision 10, is amended to read:

Subd. 10. [EFFECT OF OPPONENT'S AGREEMENT.] (a) 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~~.

(b) 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:

(i) is no longer bound by the limits, including those in section 10A.324, subdivision 1, paragraph (c); ~~and~~

(ii) is eligible to receive a public subsidy*; and*

(iii) also receives, or shares equally with any other candidate who agrees to be bound by limits, the opponent's share of the general account public subsidy under section 10A.31.

For purposes of this subdivision, "otherwise eligible to receive a public subsidy" means that a candidate meets the requirements of sections 10A.31, 10A.315, 10A.321, and 10A.322, but does not mean that the candidate has filed an affidavit of matching funds under section 10A.323.

Sec. 23. Minnesota Statutes 1992, section 10A.25, is amended by adding a subdivision to read:

Subd. 11. [CARRYFORWARD; DISPOSITION OF OTHER FUNDS.] *After all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 50 percent of the expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the public subsidy from the state elections campaign fund and any public matching subsidy must be returned to the state treasury for credit to the general fund under section 10A.324. Any remaining amount in excess of the total public subsidy must be contributed to the state elections campaign fund or a political party for multicandidate expenditures as defined in section 10A.275.*

Sec. 24. Minnesota Statutes 1992, section 10A.25, is amended by adding a subdivision to read:

Subd. 12. [UNUSED POSTAGE AND CREDIT BALANCES CARRIED FORWARD.] *Postage that is purchased but not used during an election cycle and credit balances at vendors that exceed a combined total of $500 must be carried forward and counted as expenditures during the election cycle during which they are used.*

Sec. 25. Minnesota Statutes 1992, section 10A.25, is amended by adding a subdivision to read:

Subd. 13. [INDEPENDENT EXPENDITURES; LIMITS INCREASED.] *(a) The expenditure limits in this section are increased by the sum of independent expenditures made in opposition to a candidate plus independent expenditures made on behalf of the candidate's major political party opponents, other than expenditures by an association targeted to inform solely its own dues-paying members of the association's position on a candidate.*

(b) Within 48 hours after receipt of an expenditure report or notice required by section 10A.20, subdivision 3, 6, or 6b, the board shall notify each candidate in the race of the increase in the expenditure limit for the candidates against whom the independent expenditures have been made.

(c) Within three days after providing this notice, the board shall pay each candidate against whom the independent expenditures have been made, if the candidate is eligible to receive a public subsidy and has raised twice the minimum match required, an additional public subsidy equal to one-half the independent expenditures. The amount needed to pay the additional public subsidy under this subdivision is appropriated from the general fund to the board.

Sec. 26. Minnesota Statutes 1992, section 10A.27, subdivision 1, is amended to read:

Subdivision 1. [CONTRIBUTION LIMITS.] Except as provided in subdivisions 2 and 6, no candidate shall permit the candidate's principal campaign committee to accept *aggregate* contributions ~~from~~ *made or delivered by* any individual, political committee, or political fund in excess of the following:

(a) To candidates for governor and lieutenant governor running together, ~~$20,000~~ *$2,000* in an election year for the office sought and ~~$3,000~~ *$500* in other years;

(b) To a candidate for attorney general, ~~$10,000~~ *$1,000* in an election year for the office sought and ~~$2,000~~ *$200* in other years;

(c) To a candidate for the office of secretary of state, state treasurer or state auditor, ~~$5,000~~ *$500* in an election year for the office sought and ~~$1,000~~ *$100* in other years;

(d) To a candidate for state senator, ~~$1,500~~ *$500* in an election year for the office sought and ~~one-third of that amount~~ *$100* in other years; and

(e) To a candidate for state representative, ~~$750~~ *$500* in an election year for the office sought and ~~one-third of that amount~~ *$100* in the other year.

The following deliveries are not subject to the bundling limitation in this subdivision:

(1) delivery of contributions collected by a member of the candidate's principal campaign committee, such as a block worker or a volunteer who hosts a fund raising event, to the committee's treasurer; and

(2) a delivery made by an individual on behalf of the individual's spouse.

Sec. 27. Minnesota Statutes 1992, section 10A.27, subdivision 2, is amended to read:

Subd. 2. No candidate shall permit the candidate's principal campaign committee to accept contributions from any political party *units in aggregate* in excess of ~~five~~ *ten* times the amount that may be contributed to that candidate ~~by a political committee~~ as set forth in subdivision 1.

Sec. 28. Minnesota Statutes 1992, section 10A.27, subdivision 9, is amended to read:

Subd. 9. *(a)* A *candidate or the treasurer of 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~~ *a transfer or contribution* from another candidate's principal campaign committee or *from* any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate, *unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee shall not make a transfer or contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved.*

(b) A candidate's principal campaign committee shall not accept a transfer or contribution from, or make a transfer or contribution to, a committee associated with a person who seeks nomination or election to the office of President, Senator, or Representative in Congress of the United States.

(c) A candidate or the treasurer of a candidate's principal campaign committee shall not accept a contribution from a candidate for political subdivision office, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee shall not make a contribution from

the principal campaign committee to a candidate for political subdivision office.

Sec. 29. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

Subd. 10. [PROHIBITED CONTRIBUTIONS.] *A candidate who accepts a public subsidy may not contribute to the candidate's own campaign more than ten times the candidate's election year contribution limit under subdivision 1.*

Sec. 30. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

Subd. 11. [CONTRIBUTIONS FROM CERTAIN TYPES OF CONTRIBUTORS.] *A candidate shall not permit the candidate's principal campaign committee to accept a contribution from a political committee other than a political party unit as defined in section 10A.275, a political fund, a lobbyist, or an individual, other than the candidate, who contributes more than half the amount an individual may contribute, if the contribution will cause the aggregate contributions from those types of contributors to exceed an amount equal to 20 percent of the expenditure limits for the office sought by the candidate.*

Sec. 31. Minnesota Statutes 1992, section 10A.27, is amended by adding a subdivision to read:

Subd. 12. [CONTRIBUTIONS TO OTHER POLITICAL COMMITTEES OR FUNDS.] *The treasurer of a political committee or political fund, other than a candidate's principal campaign committee or a political party unit as defined in section 10A.275, shall not permit the political committee or political fund to accept aggregate contributions from an individual, political committee, or political fund in an amount more than $100 a year.*

Sec. 32. Minnesota Statutes 1992, section 10A.28, subdivision 2, is amended to read:

Subd. 2. A candidate who permits the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10A.27, *and the treasurer of a political fund or political committee, other than a principal campaign committee, who permits the committee or fund to accept 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.

Sec. 33. Minnesota Statutes 1992, section 10A.31, subdivision 6, is amended to read:

Subd. 6. ~~Within two weeks~~ *As soon as the board has obtained from the secretary of state the results of the primary election, but in any event no later than one week* after certification by the state canvassing board of the results of the primary, the ~~state treasurer~~ *board* shall distribute the available funds in each party account, as certified by the commissioner of revenue on September ~~15~~ *1*, to the candidates of that party who have signed the agreement as provided in section 10A.322 *and filed the affidavit required by section 10A.323*, and whose names are to appear on the ballot in the general election, according to the allocations set forth in subdivision 5. *If a candidate files the affidavit required by section 10A.323 after September 1 of the general election year, the board shall pay the candidate's allocation to the candidate at the*

next regular payment date for public subsidies for that election cycle that occurs at least 15 days after the candidate files the affidavit.

Sec. 34. Minnesota Statutes 1992, section 10A.31, subdivision 7, is amended to read:

Subd. 7. Within two weeks after certification by the state canvassing board of the results of the general election, the ~~state treasurer~~ *board* shall distribute the available funds in the general account, as certified by the commissioner of revenue on November ~~15~~ *1* and according to allocations set forth in subdivision 5, in equal amounts to all candidates for each statewide office who received at least five percent of the votes cast in the general election for that office, and to all candidates for legislative office who received at least ten percent of the votes cast in the general election for the specific office for which they were candidates. The board shall not use the information contained in the report of the principal campaign committee of any candidate due ten days before the general election for the purpose of reducing the amount due that candidate from the general account.

Sec. 35. Minnesota Statutes 1992, section 10A.31, subdivision 10, is amended to read:

Subd. 10. [DISTRIBUTION.] In the event that on the date of either certification by the commissioner of revenue as provided in subdivisions 6 and 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue shall certify to the board ~~on~~ *by* December ~~7~~ *1* the amount accumulated in each account since the previous certification. ~~Within one week thereafter~~ *By December 15*, the board shall ~~certify to the state treasurer the amount to be distributed~~ *distribute* to each candidate according to the allocations as provided in subdivision 5~~. As soon as practicable thereafter, the state treasurer shall distribute~~ the amounts to *which* the candidates *are entitled* in the form of checks made "payable to the campaign fund of .....(name of candidate)....." Any money accumulated after the final certification shall be maintained in the respective accounts for distribution in the next general election year.

Sec. 36. Minnesota Statutes 1992, section 10A.31, is amended by adding a subdivision to read:

Subd. 12. [UNOPPOSED CANDIDATE NOT ELIGIBLE.] *A candidate who is unopposed in both the primary election and the general election is not eligible to receive a public subsidy from the state election campaign fund. The subsidy from the party account the candidate would otherwise have been eligible to receive must be paid to the candidate's political party to be deposited in a special account under section 10A.31, subdivision 5, clause (6), and used for only those items permitted under section 10A.275.*

Sec. 37. [10A.312] [PUBLIC MATCHING SUBSIDY.]

Subdivision 1. [ELIGIBILITY.] *(a) In addition to the subsidy payable from the state elections campaign fund, the board shall pay a public matching subsidy to a candidate who:*

(1) is seeking an office for which voluntary spending limits are specified in section 10A.25;

(2) has designated a principal campaign committee;

(3) has signed and filed with the board an agreement to limit campaign expenditures as provided in section 10A.322 and is abiding by the agreement;

(4) has received contributions that exceed the threshold established by section 10A.323;

(5) has been nominated to appear on the ballot in the general election; and

(6) has submitted to the board the affidavits required by section 10A.323.

(b) A candidate who is unopposed in both the primary election and the general election is not eligible to receive a public matching subsidy under this section.

Subd. 2. [AMOUNT.] *The subsidy must be paid in an amount that will match the first $50 of contributions received from a person eligible to vote in this state, up to a total of 35 percent of the expenditure limits for state senator or representative and up to a total of 25 percent of the expenditure limits for constitutional officers set forth in section 10A.25, subdivision 2, as adjusted for inflation under section 10A.255, except as otherwise provided in this subdivision. The public subsidy under this section may not be paid in an amount that would cause the sum of the public subsidy paid under this section plus the public subsidy paid under section 10A.31 to exceed 50 percent of the expenditure limit for the office.*

If a candidate's share of the state election campaign fund is equal to or greater than 50 percent of the spending limit for the office sought by the candidate, the candidate may not apply for a subsidy under this section. The board must determine the candidate's anticipated share of the state election campaign fund based on the certification by the commissioner of revenue under section 10A.321. If the subsequent certification by the commissioner of revenue under section 10A.31, subdivision 7, indicates that the candidate's share of the state election campaign fund is less than 50 percent of the spending limit for the office sought, the candidate may apply for the public match subsidy by submitting an affidavit by December 1.

Subd. 3. [PAYMENT DATES.] *(a) The board shall make the first payment of the public matching subsidy as soon as the board has obtained from the secretary of state the results of the primary election, but in any event no later than one week after certification by the state canvassing board of the results of the primary. The board shall make the second payment by October 1 of the election year, the third payment by October 15 of the election year, the fourth payment by November 15 of the election year, and the final payment by December 15 of the election year.*

(b) The amount necessary to make the payments required by this section is appropriated from the general fund to the board.

Sec. 38. Minnesota Statutes 1992, section 10A.315, is amended to read:

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 coincides with the filing period for the general election, the candidate must meet the matching requirements of section 10A.323 and the special election subsidy must be distributed in the same manner as money is distributed to legislative candidates in a general election.*

(c) If the filing period for the special election does not coincide with the filing period for the general election, *the procedures in this paragraph apply.* A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 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 10A.323~~, 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)~~ *(d)* The amount necessary to make the payments required by this subdivision is appropriated from the general fund to the state treasurer.

Sec. 39. Minnesota Statutes 1992, section 10A.322, subdivision 1, is amended to read:

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 the candidate will comply with sections 10A.25 and 10A.324.

(b) Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The board shall also provide agreement forms to candidates on request at any time. 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 at any time before September 1 preceding the general election. An agreement may not be ~~signed or rescinded~~ *filed* after that date. *An agreement once filed may not be rescinded.*

(c) The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

(d) Notwithstanding any provisions of this section, when a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement at any time before the deadline for submission of a signed agreement under section 10A.315.

Sec. 40. Minnesota Statutes 1992, section 10A.322, subdivision 2, is amended to read:

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~~ *end of the first election cycle completed after the agreement was filed*, whichever occurs first.

Sec. 41. Minnesota Statutes 1992, section 10A.323, is amended to read:

10A.323 [MATCHING REQUIREMENTS.]

In addition to the requirements of section 10A.322, to be eligible to receive a public subsidy ~~from the state elections campaign fund~~ *under section 10A.31 or 10A.312* a candidate *or the candidate's treasurer* 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.~~ *from persons eligible to vote in this state in the amount indicated for the office sought, counting only the first $50 received from each contributor:*

(1) candidates for governor and lieutenant governor running together, $35,000;

(2) candidates for attorney general, $15,000;

(3) candidates for secretary of state, state treasurer, and state auditor, separately, $6,000;

(4) candidates for the senate, $3,000; and

(5) candidates for the house of representatives, $1,500.

To be eligible to receive a public matching subsidy under section 10A.312, the affidavit must state the total amount of contributions that have been received from persons eligible to vote in this state and the total amount of those contributions received, disregarding the portion of any contribution in excess of $50.

The candidate or the candidate's treasurer shall submit the affidavit required by this ~~subdivision~~ *section* to the board in writing by ~~October~~ *September* 1 of the general election year *to receive the payment based on the results of the primary election, by September 15 to receive the payment made October 1, by October 1 to receive the payment made October 15, by November 1 to receive the payment made November 15, and by December 1 to receive the payment made December 15.*

Sec. 42. Minnesota Statutes 1992, section 10A.324, subdivision 1, is amended to read:

Subdivision 1. [WHEN RETURN REQUIRED.] A candidate shall return all or a portion of the public subsidy received from the state elections campaign fund *or the public matching subsidy received under section 10A.315*, under the circumstances in ~~paragraph (a), (b),~~ *this section* or ~~(c)~~ *section 10A.25, subdivision 11.*

(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.~~

Sec. 43. Minnesota Statutes 1992, section 10A.324, subdivision 3, is amended to read:

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~~ *a* principal campaign committee to ~~another principal campaign committee or to~~ a political party is considered to be a noncampaign disbursement. *The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned.* 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~~.

Sec. 44. Minnesota Statutes 1992, section 10A.324, is amended by adding a subdivision to read:

Subd. 5. [RETURN OF OPPONENT'S PUBLIC SUBSIDY.] *If a candidate received an opponent's public subsidy under section 10A.25, subdivision 10, the candidate shall return all or a portion of the opponent's public subsidy if required under subdivision 1. In addition, the candidate shall return all of the opponent's public subsidy to the board if the opponent is not required to file a campaign spending report under section 10A.20 or if the opponent's postelection report due on January 31 indicates that the opponent raised and spent $1,000 or less during the campaign.*

Sec. 45. Minnesota Statutes 1992, section 204B.36, subdivision 4, is amended to read:

Subd. 4. [JUDICIAL CANDIDATES.] The official ballot shall contain the names of all candidates for each judicial office and shall state the number of those candidates for whom a voter may vote. *Each seat for an associate justice, associate judge, or judge of the district court must be numbered.* The title of each judicial office shall be printed on the official primary and general election ballot as follows:

(a) In the case of the supreme court:

"Chief justice ~~(or associate justice)~~ – supreme court ~~(last name of incumbent)~~ ~~seat~~";

"Associate justice (number) – supreme court"

(b) In the case of the court of appeals:

"Judge *(number)* – court of appeals ~~(last name of incumbent)~~ ~~seat~~"; *or*

(c) In the case of the district court:

"Judge *(number)* – (number) district court ~~(last name of incumbent) seat";~~ ~~or~~

~~(d) In the case of the county court:~~

~~"Judge – (number) county court (last name of incumbent) seat.~~"

Sec. 46. [211A.12] [CONTRIBUTION LIMITS.]

A candidate may not accept aggregate contributions made or delivered by an individual or committee in excess of $300 in an election year for the office sought and $100 in other years; except that a candidate for an office whose territory has a population over 100,000 may not accept aggregate contributions made or delivered by an individual or committee in excess of $500 in an election year for the office sought and $100 in other years.

Sec. 47. [211A.13] [PROHIBITED TRANSFERS.]

A candidate for political subdivision office must not accept contributions from the principal campaign committee of a candidate as defined in section 10A.01, subdivision 5. A candidate for political subdivision office must not make contributions to a principal campaign committee, unless the contribution is made from the personal funds of the candidate for political subdivision office.

Sec. 48. Minnesota Statutes 1992, section 211B.12, is amended to read:

211B.12 [LEGAL EXPENDITURES.]

Use of ~~funds~~ *money* collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns, *or is a noncampaign disbursement as defined in section 10A.01, subdivision 10c.* The following are permitted expenditures when made for political purposes:

(1) salaries, wages, and fees;

(2) communications, mailing, transportation, and travel;

(3) campaign advertising;

(4) printing;

(5) office and other space and necessary equipment, furnishings, and incidental supplies;

(6) charitable contributions of not more than ~~$100~~ *$50* to any charity annually; and

(7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses. *Money collected*

for political purposes and assets of a political committee or political fund may not be converted to personal use.

Sec. 49. Minnesota Statutes 1992, section 211B.15, is amended to read:

211B.15 [CORPORATE ~~OR LIMITED LIABILITY~~ POLITICAL CONTRIBUTIONS.]

Subdivision 1. [DEFINITIONS.] ~~(a)~~ For purposes of this section, ~~the following terms have the meanings given them.~~

~~(b)~~ "corporation" means*:*

(1) a corporation organized for profit that does business in ~~Minnesota.~~ *this state;*

(2) a nonprofit corporation that carries out activities in this state; or

~~(c) "Limited liability company" means~~ *(3)* a limited liability company formed under chapter 322B, or under similar laws of another state, that does business in ~~Minnesota~~ *this state*.

Subd. 2. [PROHIBITED CONTRIBUTIONS.] A corporation ~~or limited liability company~~ may not make a contribution or offer or agree to make a contribution, directly or indirectly, of any money, property, free service of its officers, ~~or~~ employees, *or members,* or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Subd. 3. [INDEPENDENT EXPENDITURES.] A corporation ~~or limited liability company~~ may not make an independent expenditure or offer or agree to make an independent expenditure to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "independent expenditure" means an expenditure that is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.

Subd. 4. [BALLOT QUESTION.] A corporation ~~or limited liability company~~ may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. A corporation ~~or limited liability company~~ may not make a contribution to a candidate for nomination, election, or appointment to a political office or to a committee organized wholly or partly to promote or defeat a candidate.

Subd. 5. [NEWS MEDIA.] This section does not prohibit publication or broadcasting of news items or editorial comments by the news media.

Subd. 6. [PENALTY FOR INDIVIDUALS.] An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation ~~or limited liability company~~ acting in behalf of the corporation ~~or~~

~~limited liability company~~ who violates this section may be fined not more than $20,000 or be imprisoned for not more than five years, or both.

Subd. 7. [PENALTY FOR CORPORATIONS ~~OR LIMITED LIABILITY COMPANIES~~.] A corporation ~~or limited liability company~~ convicted of violating this section is subject to a fine not greater than $40,000. A convicted domestic corporation ~~or limited liability company~~ may be dissolved as well as fined. If a foreign or nonresident corporation ~~or limited liability company~~ is convicted, in addition to being fined, its right to do business in this state may be declared forfeited.

Subd. 8. [PERMITTED ACTIVITY; POLITICAL PARTY.] It is not a violation of this section for a political party, as defined in section 200.02, subdivision 7, to form a nonprofit corporation for the sole purpose of holding real property to be used exclusively as the party's headquarters.

Subd. 9. [MEDIA PROJECTS.] It is not a violation of this section for a corporation ~~or limited liability company~~ to contribute to or conduct public media projects to encourage individuals to attend precinct caucuses, register, or vote if the projects are not controlled by or operated for the advantage of a candidate, political party, or committee.

Subd. 10. [MEETING FACILITIES.] It is not a violation of this section for a corporation ~~or limited liability company~~ to provide meeting facilities to a committee, political party, or candidate on a nondiscriminatory and nonpreferential basis.

Subd. 11. [MESSAGES ON PREMISES.] It is not a violation of this section for a corporation ~~or limited liability company~~ selling products or services to the public to post on its public premises messages that promote participation in precinct caucuses, voter registration, or elections if the messages are not controlled by or operated for the advantage of a candidate, political party, or committee.

Subd. 12. [REPORTS REQUIRED.] The total amount of an expenditure or contribution for any one project permitted by subdivisions 9 and 11 that is more than $200, together with the date, purpose, and the names and addresses of the persons receiving the contribution or expenditures, must be reported to the secretary of state. The reports must be filed on forms provided by the secretary of state on the dates required for committees under section 211A.02. Failure to file is a misdemeanor.

Subd. 13. [AIDING VIOLATION; PENALTY.] An individual who aids, abets, or advises a violation of this section is guilty of a gross misdemeanor.

Subd. 14. [PROSECUTIONS; VENUE.] Violations of this section may be prosecuted in the county where the payment or contribution was made, where services were rendered, or where money was paid or distributed.

Subd. 15. [NONPROFIT CORPORATION EXEMPTION.] *The prohibitions in this section do not apply to a nonprofit corporation that:*

(1) cannot engage in business activities;

(2) has no shareholders or other persons affiliated so as to have a claim on its assets or earnings; and

(3) was not established by a business corporation or a labor union and has a policy not to accept significant contributions from those entities.

Subd. 16. [EMPLOYEE POLITICAL FUND SOLICITATION.] *Any solicitation of political contributions by an employee must be in writing, informational and nonpartisan in nature, and not promotional for any particular candidate or group of candidates. The solicitation must consist only of a general request on behalf of an independent political committee (conduit fund) and must state that there is no minimum contribution, that a contribution or lack thereof will in no way impact the employee's employment, that the employee must direct the contribution to candidates of the employee's choice, and that any response by the employee shall remain confidential and shall not be directed to the employee's supervisors or managers. Questions from an employee regarding a solicitation may be answered orally or in writing consistent with the above requirements. Nothing in this subdivision authorizes a corporate donation of an employee's time prohibited under subdivision 2.*

Sec. 50. Minnesota Statutes 1992, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed $50 and, for a married couple filing jointly, must not exceed $100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair, *after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the ethical practices board upon its request.* A claim must be filed with the commissioner not sooner than January 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 refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

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 refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) 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 refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) *The commissioner shall report to the ethical practices board by August 1 of each year a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.*

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 51. [REPEALER.]

Minnesota Statutes 1992, sections 10A.27, subdivision 6; 10A.31, subdivisions 8 and 9; 488A.021, subdivision 3; and 488A.19, subdivision 2, are repealed.

Sec. 52. [TRANSITION.]

Subdivision 1. [ELECTION CYCLE.] *Notwithstanding section 1, the first election cycle begins the day following final enactment of this act and concludes on December 31 following the next general election for the respective offices listed in Minnesota Statutes, section 10A.27, subdivision 1, clauses (a) to (e).*

Subd. 2. [CONTRIBUTION LIMITS.] *Contributions to a candidate that were made before the effective date of this act and were lawful when made need not be refunded, even though they exceed the new limit on contributions in section 10A.27, subdivision 1.*

Subd. 3. [EXPENDITURE LIMITS.] *All spending limit agreements filed with the ethical practices board before the effective date of this act become void September 1, 1993, and all eligibility for continued public subsidies under Minnesota Statutes, chapter 10A or 290, is ended on that date. The new expenditure limits and eligibility for a public subsidy under this act apply to candidates who sign and file with the ethical practices board a new spending limit agreement under this act after its effective date.*

Subd. 4. [INFLATION FREEZE.] *The expenditure limits in Minnesota Statutes 1992, section 10A.25, subdivision 2, must not be adjusted for inflation for the 1994 election year. The inflation adjustment under Minnesota Statutes 1992, section 10A.255, must resume for the 1996 election year, but*

omitting any inflation attributable to the period between December 1991 and December 1993.

Sec. 53. [EFFECTIVE DATE.]

This act is effective the day following final enactment, except that section 19 is effective December 31, 1993, section 28 is effective June 1, 1993, and sections 46 and 47 are effective January 1, 1994."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 201 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Mondale	Riveness
Anderson	Flynn	Kroening	Morse	Robertson
Beckman	Frederickson	Laidig	Murphy	Runbeck
Belanger	Hanson	Langseth	Novak	Sams
Benson, J.E.	Hottinger	Larson	Oliver	Solon
Berg	Janezich	Lesewski	Olson	Spear
Berglin	Johnson, D.E.	Lessard	Pappas	Stumpf
Bertram	Johnson, D.J.	Luther	Pariseau	Terwilliger
Betzold	Johnson, J.B.	Marty	Piper	Vickerman
Chandler	Johnston	McGowan	Pogemiller	Wiener
Cohen	Kelly	Merriam	Price	
Day	Kiscaden	Metzen	Ranum	
Dille	Knutson	Moe, R.D.	Reichgott	

Those who voted in the negative were:

Benson, D.D.	Chmielewski	Neuville	Samuelson	Stevens

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1368: Messrs. Chandler, Merriam and Knutson.

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

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 694 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 694

A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 694, 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. 694 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [152.0271] [NOTICE TO COMMISSIONER OF PUBLIC SAFETY OF CERTAIN DRUG CONVICTIONS; DRIVER'S LICENSE REVOCATION.]

When a person is convicted of violating a provision of sections 152.021 to 152.027, the sentencing court shall determine whether the person unlawfully sold or possessed the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the person's driver's license for 30 days. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction, the commissioner shall delay the issuance or reinstatement of the person's driver's license for 30 days after the person applies for the issuance or reinstatement of the license. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 2. Minnesota Statutes 1992, section 168.042, subdivision 2, is amended to read:

Subd. 2. [VIOLATION; ISSUANCE OF IMPOUNDMENT ORDER.] The commissioner shall issue a registration plate impoundment order when:

(1) a person's driver's license or driving privileges are revoked for a third violation, as defined in subdivision 1, paragraph (c), clause (1), within five years or a fourth or subsequent violation, as defined in subdivision 1, paragraph (c), clause (1), within 15 years; ~~or~~

(2) a person's driver's license or driving privileges are revoked for a violation of section 169.121, subdivision 3, paragraph (c), clause (4), within five years of one previous violation or within 15 years of two or more previous violations, as defined in subdivision 1, paragraph (c), clause (1); or

(3) a person is arrested for or charged with a violation described in subdivision 1, paragraph (c), clause (2) or (3).

The order shall require the impoundment of the registration plates of the vehicle involved in the violation and all vehicles owned by, registered, or leased in the name of the violator, including vehicles registered jointly or leased in the name of the violator and another. An impoundment order shall not be issued for the registration plates of a rental vehicle as defined in section 168.041, subdivision 10, or a vehicle registered in another state.

Sec. 3. Minnesota Statutes 1992, section 169.121, is amended by adding a subdivision to read:

Subd. 1c. [CONDITIONAL RELEASE.] *A person charged with violating subdivision 1 within ten years of the first of three prior impaired driving convictions or within the person's lifetime after four or more prior impaired driving convictions may be released from detention only upon the following conditions unless maximum bail is imposed:*

(1) the impoundment of the registration plates of the vehicle used to commit the violation occurred, unless already impounded;

(2) a requirement that the alleged violator report weekly to a probation agent;

(3) a requirement that the alleged violator abstain from consumption of alcohol and controlled substances and submit to random, weekly alcohol tests or urine analyses; and

(4) a requirement that, if convicted, the alleged violator reimburse the court or county for the total cost of these services.

Sec. 4. Minnesota Statutes 1992, section 169.121, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for driving, operating, or being in physical control of a motor vehicle in violation of subdivision 1, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.

For the purposes of this subdivision:,

~~(a) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;~~

~~(b)~~ evidence that there was at the time an alcohol concentration of ~~more than 0.05 and less than 0.10~~ *0.04 or more* is relevant evidence in indicating whether or not the person was under the influence of alcohol.

Evidence of the refusal to take a test is admissible into evidence in a prosecution under this section or an ordinance in conformity with it.

If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 1, clause (e), that the defendant consumed a sufficient quantity of alcohol after the time of actual driving, operating, or physical control of a motor vehicle and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed 0.10. Provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person violated this section, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample, as defined in section 169.123, subdivision 2b, paragraph (b).

Sec. 5. Minnesota Statutes 1992, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this subdivision:

(1) "prior impaired driving conviction" means a prior conviction under this section; section 84.91, subdivision 1, paragraph (a); 86B.331, subdivision 1, paragraph (a); 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (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; and

(2) "prior license revocation" means a driver's license suspension, revocation, or cancellation under this section; section 169.123; 171.04; 171.14; 171.16; 171.17; or 171.18 because of an alcohol-related incident; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

(b) A person who violates subdivision 1 or 1a, or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1 within five years of a prior impaired driving conviction, or within ten years of the first of two or more prior impaired driving convictions;

(2) the person violates subdivision 1a within five years of a prior license revocation, or within ten years of the first of two or more prior license revocations; ~~or~~

(3) the person violates section 169.26 while in violation of subdivision 1; *or*

(4) the person violates subdivision 1 while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

(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. 6. Minnesota Statutes 1992, section 169.121, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE PENALTIES.] (a) The commissioner of public safety shall revoke the driver's license of a person convicted of violating this section or an ordinance in conformity with it as follows:

(1) first offense under subdivision 1: not less than 30 days;

(2) first offense under subdivision 1a: not less than 90 days;

(3) second offense in less than five years, *or third or subsequent offense on the record*: (i) if the current conviction is for a violation of subdivision 1, not less than 180 days and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126; or (ii) if the current conviction is for a violation of subdivision 1a, not less than one year and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126;

(4) third offense in less than five years: not less than one year, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner;

(5) fourth or subsequent offense on the record: not less than two years, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner.

(b) If the person convicted of violating this section is under the age of ~~18~~ *21* years, the commissioner of public safety shall revoke the offender's driver's license or operating privileges ~~until the offender reaches the age of 18 years or~~ for a period of six months or for the appropriate period of time under paragraph (a), clauses (1) to (5), for the offense committed, whichever is the greatest period.

(c) For purposes of this subdivision, a juvenile adjudication under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them is an offense.

(d) Whenever department records show that the violation involved personal injury or death to any person, not less than 90 additional days shall be added to the base periods provided above.

(e) *Except for a person whose license has been revoked under paragraph (b),* any person whose license has been revoked pursuant to section 169.123 as the result of the same incident, *and who does not have a prior impaired driving conviction or prior license revocation as defined in subdivision 3*

within the previous ten years, is subject to the mandatory revocation provisions of paragraph (a), clause (1) or (2), in lieu of the mandatory revocation provisions of section 169.123.

Sec. 7. Minnesota Statutes 1992, section 169.121, subdivision 6, is amended to read:

Subd. 6. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe from the manner in which a person is driving, operating, controlling, or acting upon departure from a motor vehicle, or has driven, operated, or controlled a motor vehicle, that the driver may be violating or has violated subdivision 1 *or section 169.1211*, the officer may require the driver to provide a sample of the driver's breath for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether an arrest should be made and whether to require the tests authorized in section 169.123, but shall not be used in any court action except (1) to prove that a test was properly required of a person pursuant to section 169.123, subdivision 2; ~~or~~ (2) in a civil action arising out of the operation or use of the motor vehicle*; (3) in an action for license reinstatement under section 171.19; or (4) in a prosecution or juvenile court proceeding concerning a violation of section 340A.503, subdivision 1, paragraph (a), clause (2)*. Following the screening test additional tests may be required of the driver pursuant to the provisions of section 169.123.

The driver who refuses to furnish a sample of the driver's breath is subject to the provisions of section 169.123 unless, in compliance with section 169.123, the driver submits to a blood, breath or urine test to determine the presence of alcohol or a controlled substance.

Sec. 8. Minnesota Statutes 1992, section 169.1217, subdivision 1, is amended to read:

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

(a) "Appropriate authority" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" includes a violation of section 169.121, an ordinance in conformity with it, or 169.129:

(1) within five years of three prior driving under the influence convictions or three prior license revocations based on separate incidents;

(2) within 15 years of the first of four or more prior driving under the influence convictions or the first of four or more prior license revocations based on separate incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 which provides that the person may not use or consume any amount of alcohol or a controlled substance.

"Designated offense" also includes a violation of section 169.121, subdivision 3, paragraph (c), clause (4):

(1) within five years of two prior driving under the influence convictions or two prior license revocations based on separate incidents; or

(2) within 15 years of the first of three or more prior driving under the influence convictions or the first of three or more prior license revocations based on separate incidents.

(c) "Motor vehicle" and "vehicle" have the meaning given "motor vehicle" in section 169.121, subdivision 11. The terms do not include a vehicle which is stolen or taken in violation of the law.

(d) "Owner" means the registered owner of the motor vehicle according to records of the department of public safety and includes a lessee of a motor vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior driving under the influence conviction" means a prior conviction under section 169.121; 169.129; or 609.21, subdivision 1, clauses (2) to (4); 2, clauses (2) to (4); 2a, clauses (2) to (4); 3, clauses (2) to (4); or 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior driving under the influence conviction also includes a prior juvenile adjudication that would have been a prior driving under the influence conviction if committed by an adult.

(f) "Prior license revocation" has the meaning given it in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Sec. 9. Minnesota Statutes 1992, section 169.1217, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF FORFEITED VEHICLES.] (a) If the court finds under subdivision 8 that the vehicle is subject to forfeiture, it shall order the appropriate agency to:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training and education. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the *agency for use in DWI-related enforcement, training, and education until June 30, 1994, and thereafter to the* state treasury and credited to the general fund.

Sec. 10. Minnesota Statutes 1992, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION OF TEST.] (a) Any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state consents, subject to the provisions of this section and ~~section~~ *sections* 169.121

and 169.1211, 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 driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist:

(1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity with it;

(2) the person has been involved in a motor vehicle 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 169.121, subdivision 6; or

(4) the screening test was administered and indicated an alcohol concentration of 0.10 or more.

The test may also be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine if the person is under the influence of alcohol or a controlled substance or, if the motor vehicle was a commercial motor vehicle, that Minnesota law requires the person to take a test to determine the presence of alcohol;

(2) that refusal to take a test is a crime;

(3) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and

(4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

(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.

Sec. 11. Minnesota Statutes 1992, section 169.123, subdivision 4, is amended to read:

Subd. 4. [REFUSAL; REVOCATION OF LICENSE.] If a person refuses to permit a test, none shall be given, but the peace officer shall report the refusal to the commissioner of public safety and the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred. However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal. A refusal to submit to an alcohol concentration test does not constitute a violation of section 609.50, unless the refusal was accompanied by force or violence or the threat of force or violence. If a person submits to a test and the test results indicate an alcohol

concentration of 0.10 or more, or if a person was driving, operating, or in physical control of a commercial motor vehicle and the test results indicate an alcohol concentration of 0.04 or more, the results of the test shall be reported to the commissioner of public safety and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred.

Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person refused to submit to a test, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year even if a test was obtained pursuant to this section after the person refused to submit to testing. Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol and that the person refused to submit to a test, the commissioner shall disqualify the person from operating a commercial motor vehicle for a period of one year under section 171.165 and shall revoke the person's license or permit to drive or nonresident operating privilege for a period of one year. ~~If the person refusing to submit to testing is under the age of 18 years, the commissioner shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year or until the person reaches the age of 18 years, whichever is greater.~~ Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person submitted to a test and the test results indicate an alcohol concentration of 0.10 or more, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for: (1) a period of 90 days; or (2) if the person is under the age of ~~18~~ *21* years, for a period of six months ~~or until the person reaches the age of 18 years, whichever is greater~~; or (3) if the person's driver's license or driving privileges have been revoked within the past five years under this section or section 169.121, for a period of 180 days. On certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with any presence of alcohol and that the person submitted to a test and the test results indicated an alcohol concentration of 0.04 or more, the commissioner of public safety shall disqualify the person from operating a commercial motor vehicle under section 171.165.

If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner of public safety shall deny to the person the issuance of a license or permit for the same period after the date of the alleged violation as provided herein for revocation, subject to review as hereinafter provided.

Sec. 12. Minnesota Statutes 1992, section 169.129, is amended to read:

169.129 [AGGRAVATED VIOLATIONS; PENALTY.]

Any person is guilty of a gross misdemeanor who drives, operates, or is in physical control of a motor vehicle, the operation of which requires a driver's license, within this state or upon the ice of any boundary water of this state in violation of section 169.121 or an ordinance in conformity with it before

the person's driver's license or driver's privilege has been reinstated following its cancellation, suspension, revocation, or denial under any of the following: section 169.121, *169.1211,* or 169.123; section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident; section 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

Sec. 13. Minnesota Statutes 1992, section 171.13, subdivision 1b, is amended to read:

Subd. 1b. [DRIVER'S MANUAL; ALCOHOL CONSUMPTION.] The commissioner shall include in each edition of the driver's manual published by the department a chapter relating to the effect of alcohol consumption on highway safety and on the ability of drivers to safely operate motor vehicles and a summary of the laws of Minnesota on operating a motor vehicle while under the influence of alcohol or a controlled substance. *This chapter shall also include information on the dangers of driving at alcohol concentration levels below the legal limit for alcohol concentration, and specifically state that:*

(1) there is no "safe" level or amount of alcohol that an individual can assume will not impair one's driving performance or increase the risk of a crash;

(2) a driver may be convicted of driving while impaired whether or not the driver's alcohol concentration exceeds the legal limit for alcohol concentration; and

(3) a person under the legal drinking age may be convicted of illegally consuming alcohol if found to have consumed any amount of alcohol.

Sec. 14. [171.172] [DRIVER'S LICENSE REVOCATION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN CONTROLLED SUBSTANCE OFFENSES.]

The commissioner of public safety shall revoke the driver's license of any person convicted of or any juvenile adjudicated for a controlled substance offense if the court has notified the commissioner of a determination made under section 152.0271 or 260.185, subdivision 1. The period of revocation shall be for the applicable time period specified in section 152.0271. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 152.0271.

Sec. 15. [171.173] [DRIVER'S LICENSE SUSPENSION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN UNDERAGE DRINKING OFFENSES.]

The commissioner of public safety shall suspend the driver's license of any person convicted of or any juvenile adjudicated for an offense under section 340A.503, subdivision 1, paragraph (a), clause (2), if the court has notified the commissioner of a determination made under section 340A.503, subdivision 1, paragraph (c). The period of suspension shall be for the applicable period specified in that paragraph. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time

of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 340A.503, subdivision 1, paragraph (c). Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 16. Minnesota Statutes 1992, section 171.24, is amended to read:

171.24 [VIOLATIONS; DRIVING WITHOUT VALID LICENSE.]

(a) *Except as otherwise provided in paragraph (c),* any person whose driver's license or driving privilege has been canceled, suspended, or revoked and who has been given notice of, or reasonably should know of the revocation, suspension, or cancellation, and who disobeys such order by operating anywhere in this state any motor vehicle, the operation of which requires a driver's license, while such license or privilege is canceled, suspended, or revoked is guilty of a misdemeanor.

(b) Any person who has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle, who has been given notice of or reasonably should know of the disqualification, and who disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privileges has been canceled under section 171.04, subdivision 1, clause (8), and the person has been given notice of or reasonably should know of the cancellation; and

(2) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur. It is not a defense that a person failed to file a change of address with the post office, or failed to notify the department of public safety of a change of name or address as required under section 171.11.

Sec. 17. Minnesota Statutes 1992, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] In any case where a person's license has been suspended under section 171.18 *or 171.173,* or revoked under section 169.121, 169.123, 169.792, 169.797, ~~or~~ 171.17, *or 171.172,* the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a post-secondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

Sec. 18. Minnesota Statutes 1992, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. [OTHER WAITING PERIODS.] Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a violation of section 169.121 or 169.123;

(2) 90 days, to a person who submitted to testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123;

(3) 180 days, to a person who refused testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123; or

(4) one year, to a person whose license or privilege has been revoked or suspended for commission of the offense of manslaughter resulting from the

operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21.

Sec. 19. Minnesota Statutes 1992, section 171.305, subdivision 2, is amended to read:

Subd. 2. [PILOT PROGRAM.] The commissioner shall establish a statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance related incident. *The commissioner shall conduct the program until December 31, 1995.* The commissioner shall evaluate the program and shall report to the legislature by February 1, ~~1994~~ *1995*, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, ~~1993~~ *1995*.

Sec. 20. Minnesota Statutes 1992, section 260.185, subdivision 1, is amended to read:

Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or the parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) a child placing agency; or

(2) the county welfare board; or

(3) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16; or

(4) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) Transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage;

(f) Require the child to pay a fine of up to $700; the court shall order

payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(g) If the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

If the child is petitioned and found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

If the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

(1) medical data under section 13.42;

(2) corrections and detention data under section 13.85;

(3) health records under section 144.335;

(4) juvenile court records under section 260.161; and

(5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) why the best interests of the child are served by the disposition ordered; and

(b) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

Sec. 21. Minnesota Statutes 1992, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. [CONSUMPTION.] *(a)* It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee, municipal liquor store, 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 within the municipal liquor store; or

(2) person under the age of 21 years to consume any alcoholic beverages. *As used in this clause, "consume" includes the ingestion of an alcoholic beverage and the physical condition of having ingested an alcoholic beverage.* 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.

(b) An offense under paragraph (a), clause (2), may be prosecuted either at the place where consumption occurs or the place where evidence of consumption is observed.

(c) When a person is convicted of or adjudicated for an offense under paragraph (a), clause (2), the court shall determine whether the person committed the offense while operating a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination. Upon receipt of the court's determination, the commissioner shall suspend the person's driver's license or operating privileges for 30 days, or for 180 days if the person has previously been convicted of or adjudicated for an offense under paragraph (a), clause (2).

Sec. 22. Minnesota Statutes 1992, section 340A.802, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS; CONTENT.] In the case of a claim for damages, the notice must be served by the claimant's attorney within ~~120~~ *240* days of the date of entering an attorney-client relationship with the person in regard to the claim. In the case of claims for contribution or indemnity, the notice must be served within 120 days after the injury occurs or within 60 days after receiving written notice of a claim for contribution or indemnity, whichever is

applicable. No action for damage or for contribution or indemnity may be maintained unless the notice has been given. If requested to do so, a municipality or licensee receiving a notice shall promptly furnish claimant's attorney the names and addresses of other municipalities or licensees who sold or bartered liquor to the person identified in the notice, if known. Actual notice of sufficient facts reasonably to put the licensee or governing body of the municipality on notice of a possible claim complies with the notice requirement.

No action may be maintained under section 340A.801 unless commenced within two years after the injury.

Sec. 23. [EFFECTIVE DATES.]

Sections 1 to 8, 10 to 14, 16, and 20 are effective August 1, 1993, and apply to crimes committed on or after that date. Sections 15, 17, and 21 are effective June 1, 1993, and apply to crimes committed on or after that date. Section 22 is effective August 1, 1993, and applies to causes of action arising on or after that date. Section 18 is effective January 1, 1994, and applies to violations committed on or after that date. Section 19 is effective the day following final enactment. Section 9 applies to vehicles subject to forfeiture due to crimes committed after June 30, 1993, and before July 1, 1994."

Delete the title and insert:

"A bill for an act relating to alcohol and chemical use; increasing penalties for driving while intoxicated with a child under 16 in the vehicle and providing for vehicle forfeiture for multiple offenses; requiring driver's license revocation for persons convicted of a controlled substance offense if the court finds that the person committed the offense while driving a motor vehicle; providing pretrial release conditions for habitual DWI violators; increasing the penalty for certain persons who drive while under license cancellation; allowing the use of preliminary screening tests in certain proceedings; providing one-year program for funds from sale of certain forfeited vehicles to be used for DWI-related enforcement, training, and education; making technical changes to apply DWI-related provisions to commercial motor vehicle operators; requiring information related to the risks and effects of alcohol to be printed in driver's manual; clarifying administrative revocation penalties; extending ignition interlock pilot program for one year; defining "consumption" in the underage drinking law; expanding prosecutorial jurisdiction over underage drinking offenses; requiring driver's license suspension for persons who commit an underage drinking offense while operating a motor vehicle; expanding filing requirements relating to dram shop actions; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 2, 3, 4, 6, and by adding a subdivision; 169.1217, subdivisions 1 and 9; 169.123, subdivisions 2 and 4; 169.129; 171.13, subdivision 1b; 171.24; 171.30, subdivisions 1 and 2a; 171.305, subdivision 2; 260.185, subdivision 1; 340A.503, subdivision 1; and 340A.802, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 152; and 171."

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

Senate Conferees: (Signed) John Marty, Kevin M. Chandler, Richard J. Cohen, William V. Belanger, Jr., Thomas M. Neuville

House Conferees: (Signed) Phil Carruthers, Mike Delmont, Walter E. Perlt, Kathleen A. Blatz, Doug Swenson

Mr. Marty moved that the foregoing recommendations and Conference Committee Report on S.F. No. 694 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Pogemiller moved that the recommendations and Conference Committee Report on S.F. No. 694 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration. The motion did not prevail.

The question recurred on the motion of Mr. Marty. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 694 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 14, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Laidig	Neuville	Robertson
Beckman	Frederickson	Larson	Novak	Runbeck
Belanger	Hottinger	Lesewski	Oliver	Sams
Benson, D.D.	Johnson, D.E.	Luther	Olson	Solon
Benson, J.E.	Johnson, D.J.	Marty	Pappas	Spear
Berglin	Johnson, J.B.	McGowan	Pariseau	Stevens
Betzold	Johnston	Merriam	Piper	Terwilliger
Chandler	Kelly	Moe, R.D.	Price	Wiener
Cohen	Kiscaden	Mondale	Ranum	
Dille	Knutson	Morse	Reichgott	
Finn	Krentz	Murphy	Riveness	

Those who voted in the negative were:

Adkins	Chmielewski	Kroening	Metzen	Stumpf
Berg	Hanson	Langseth	Pogemiller	Vickerman
Bertram	Janezich	Lessard	Samuelson	

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Solon introduced—

S.F. No. 1659: A bill for an act relating to education; providing for a foreign year abroad for prospective foreign language teachers.

Referred to the Committee on Education.

Messrs. Hottinger, Chandler and Betzold introduced—

S.F. No. 1660: A bill for an act relating to statutes of limitations; enacting the uniform conflict of laws-limitations act; proposing coding for new law in Minnesota Statutes, chapter 541.

Referred to the Committee on Judiciary.

Messrs. Morse, Chandler, Ms. Johnson, J.B. and Mr. Finn introduced—

S.F. No. 1661: A bill for an act relating to environment; providing reciprocal access to courts and administrative agencies for injuries caused by transboundary pollution; proposing coding for new law in Minnesota Statutes, chapter 543.

Referred to the Committee on Environment and Natural Resources.

Ms. Piper, Messrs. Hottinger, Betzold, Mses. Reichgott and Kiscaden introduced—

S.F. No. 1662: A bill for an act relating to family; adopting the uniform interstate family support act; repealing the revised uniform reciprocal enforcement of support act; proposing coding for new law in Minnesota Statutes, chapter 518C; repealing Minnesota Statutes 1992, sections 518C.01 to 518C.36.

Referred to the Committee on Family Services.

Messrs. Sams, Beckman, Stumpf, Bertram and Day introduced—

S.F. No. 1663: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Messrs. Larson, Neuville, Stevens, Oliver and Ms. Lesewski introduced—

S.F. No. 1664: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Messrs. Hottinger and Benson, D.D. introduced—

S.F. No. 1665: A bill for an act relating to administrative procedure; providing procedures for the adoption and review of administrative rules and the determination of administrative disputes; providing for publication of

administrative rules and disposition of administrative appeals; enacting the model administrative procedure act; proposing coding for new law as Minnesota Statutes, chapter 14A; repealing Minnesota Statutes 1992, sections 3.841 to 3.845; and 14.001 to 14.69.

Referred to the Committee on Governmental Operations and Reform.

Messrs. Langseth, Vickerman, Beckman, Dille and Berg introduced—

S.F. No. 1666: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Ms. Kiscaden, Mrs. Adkins, Messrs. Terwilliger, Benson, D.D. and Ms. Robertson introduced—

S.F. No. 1667: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Messrs. Hottinger, Finn, Cohen and Knutson introduced—

S.F. No. 1668: A bill for an act relating to community property; enacting the uniform disposition of community property rights at death act; proposing coding for new law as Minnesota Statutes, chapter 526A.

Referred to the Committee on Judiciary.

Mr. Betzold introduced—

S.F. No. 1669: A bill for an act relating to health care information; providing conditions for the disclosure of health care information; enacting the Uniform Health Care Information Act; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 143.

Referred to the Committee on Health Care.

Mr. Vickerman introduced—

S.F. No. 1670: A bill for an act relating to health; providing podiatrists with equal access to hospitals and outpatient surgical centers; allowing podiatrists and dentists to use the designations "physician" and "surgeon"; amending Minnesota Statutes 1992, section 147.081, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health Care.

MEMBERS EXCUSED

Mr. Pogemiller was excused from the Session of today from 9:45 to 10:00 a.m. Mr. Janezich was excused from the Session of today from 9:00 a.m. to 12:30 p.m. Messrs. Moe, R.D.; Johnson, D.E.; Johnson, D.J; Merriam and Frederickson were excused from the Session of today from 10:20 to 11:00 a.m. Mr. Terwilliger was excused from the Session of today from 11:20 a.m. to 1:00 p.m. Ms. Krentz was excused from the Session of today from 10:15 to 10:45 a.m. Ms. Berglin was excused from the Session of today from 11:30 a.m. to 12:00 noon. Mr. Lessard was excused from the Session of today from 3:00 to 3:30 p.m. Ms. Reichgott was excused from the Session of today from 2:00 to 2:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Monday, May 17, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

SIXTY-FIRST DAY

St. Paul, Minnesota, Monday, May 17, 1993

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

CALL OF THE SENATE

Ms. Piper 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	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has 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. 1368: A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

There has been appointed as such committee on the part of the House:

Orfield, Kahn and Ozment.

Senate File No. 1368 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1658:

H.F. No. 1658: A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

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

Krueger, Rodosovich and Pelowski have been appointed as such committee on the part of the House.

House File No. 1658 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 May 15, 1993

Mr. Morse moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1658, 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. 1042, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1042 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1042

A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121,

subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1042, 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. 1042 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 136A.121, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR GRANTS.] An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.095 to 136A.131 if the board finds that the applicant:

(1) is a resident of the state of Minnesota;

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the board, of any federal or state student educational loan; and

(5) is not more than 30 days in arrears for any child support payments owed to a public agency responsible for child support enforcement or, if the applicant is more than 30 days in arrears, is complying with a *written* payment ~~plan~~ *agreement or order* for arrearages. *An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the amount of the monthly child support obligation or no less than $30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.*

The director and the commissioner of human services shall develop procedures to implement clause (5).

Sec. 2. Minnesota Statutes 1992, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] *(a) For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.*

(b) If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support payments, the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments.

Sec. 3. Minnesota Statutes 1992, section 256.87, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS AGAINST PARENTS FOR ASSISTANCE FURNISHED.] A parent of a child is liable for the amount of assistance furnished under sections *256.031 to 256.0361,* 256.72 to 256.87, *or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D* to and for the benefit of the child, including any assistance furnished for the benefit of the caretaker of the child, which the parent has had the ability to pay. Ability to pay must be determined according to chapter 518. The parent's liability is limited to ~~the amount of assistance furnished during~~ the two years immediately preceding the commencement of the action, except that where child support has been previously ordered, the state or county agency providing the assistance, as assignee of the obligee, shall be entitled to judgments for child support payments accruing within ten years preceding the date of the commencement of the action up to the full amount of assistance furnished. The action may be ordered by the state agency or county agency and shall be brought in the name of the county by the county attorney of the county in which the assistance was granted, or by the state agency against the parent for the recovery of the amount of assistance granted, together with the costs and disbursements of the action.

Sec. 4. Minnesota Statutes 1992, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] 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 support contributions by a parent found able to reimburse the county or state agency. The order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency and ~~for five months~~ thereafter. The order shall require support according to chapter 518. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that assistance is again being provided for the child

of the parent under sections *256.031 to 256.0361*, 256.72 to 256.87, *or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D*. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 5. Minnesota Statutes 1992, section 256.87, subdivision 3, is amended to read:

Subd. 3. [CONTINUING CONTRIBUTIONS TO FORMER RECIPIENT.] The order for continuing support contributions shall remain in effect following the ~~five-month~~ period after public assistance granted under sections 256.72 to 256.87 is terminated ~~if:~~

~~(a) the former recipient files an affidavit with the court within five months of the termination of assistance requesting that the support order remain in effect;~~

~~(b) the public authority serves written notice of the filing by mail on the parent responsible for making the support payments at that parent's last known address and notice that the parent may move the court under section 518.64 to modify the order respecting the amount of support or maintenance; and~~

~~(c)~~ *unless* the former recipient ~~authorizes use of the public authority's collection services~~ *files an affidavit with the court requesting termination of the order*.

Sec. 6. Minnesota Statutes 1992, section 256.87, subdivision 5, is amended to read:

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A ~~parent~~ *person or entity* having *physical and legal* custody of a dependent child not receiving assistance under sections 256.72 to 256.87 has a cause of action for child support against the child's absent ~~parent~~ *parents*. Upon an order to show cause and a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518.

Sec. 7. Minnesota Statutes 1992, section 256.978, is amended to read:

256.978 [LOCATION OF PARENTS ~~DESERTING THEIR CHILDREN~~, ACCESS TO RECORDS.]

Subdivision 1. [REQUEST FOR INFORMATION.] The commissioner of human services, in order to ~~carry out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children~~ *locate a person to establish paternity, child support, or to enforce a child support obligation in arrears*, may request information *reasonably necessary to the inquiry* from the records of all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.12, subdivision 12, or any other law to the contrary, provide the information necessary for this purpose. Employers ~~and~~, utility companies, *insurance companies, financial institutions, and labor associations* doing business in this state shall provide information *as provided under subdivision 2* upon written request by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support. ~~A request for this information may be made to an employer when there is reasonable cause to believe that the subject of the inquiry is or was employed by the employer where the request is made. The request must~~

~~include a statement that reasonable cause exists. Information to be released by utility companies is restricted to place of residence. Information to be released by employers is restricted to place of residence, employment status, and wage information.~~ Information ~~relative to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of support may be~~ requested and used or transmitted by the commissioner pursuant to the authority conferred by this section. ~~The commissioner of human services~~ may ~~make such information~~ *be made* available only to public officials and agencies of this state and its political subdivisions and other states of the union and their political subdivisions who are seeking to enforce the support liability of parents or to locate parents ~~who have, or appear to have, deserted their children~~. ~~Any person who, pursuant to this section, obtains information from the department of revenue the confidentiality of which is protected by law shall not divulge the information except to the extent necessary for the administration of~~ The *commissioner may not release the information to an agency or political subdivision of another state unless the agency or politcal subdivision is directed to maintain the data consistent with its classification in this state. Information obtained under this section may not be released except to the extent necessary for the administration of the* child support enforcement program or when otherwise authorized by law.

Subd. 2. [ACCESS TO INFORMATION.] *(a) A written request for information by the public authority responsible for child support may be made to:*

(1) employers when there is reasonable cause to believe that the subject of the inquiry is or was an employee of the employer. Information to be released by employers is limited to place of residence, employment status, wage information, and social security number;

(2) utility companies when there is reasonable cause to believe that the subject of the inquiry is or was a retail customer of the utility company. Customer information to be released by utility companies is limited to place of residence, home telephone, work telephone, source of income, employer and place of employment, and social security number;

(3) insurance companies when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry is or was receiving funds either in the form of a lump sum or periodic payments. Information to be released by insurance companies is limited to place of residence, home telephone, work telephone, employer, and amounts and type of payments made to the subject of the inquiry;

(4) labor organizations when there is reasonable cause to believe that the subject of the inquiry is or was a member of the labor association. Information to be released by labor associations is limited to place of residence, home telephone, work telephone, and current and past employment information; and

(5) financial institutions when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry has or has had accounts, stocks, loans, certificates of deposits, treasury bills, life insurance policies, or other forms of financial dealings with the institution. Information to be released by the financial institution is limited to place of residence, home telephone, work telephone, identifying information on the type of financial relationships, current value of financial relationships, and current indebtedness of the subject with the financial institution.

(b) For purposes of this subdivision, utility companies include companies that provide electrical, telephone, natural gas, propane gas, oil, coal, or cable television services to retail customers. The term financial institution includes banks, savings and loans, credit unions, brokerage firms, mortgage companies, and insurance companies.

Subd. 3. [IMMUNITY.] *A person who releases information to the public authority as authorized under this section is immune from liability for release of the information.*

Sec. 8. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 5. [PATERNITY ESTABLISHMENT AND CHILD SUPPORT ORDER MODIFICATION BONUS INCENTIVES.] *(a) A bonus incentive program is created to increase the number of paternity establishments and modifications of child support orders done by county child support enforcement agencies.*

(b) A bonus must be awarded to a county child support agency for each child for which the agency completes a paternity establishment through judicial, administrative, or expedited processes and for each instance in which the agency reviews a case for a modification of the child support order.

(c) The rate of bonus incentive is $100 for each paternity establishment and $50 for each review for modification of a child support order.

Sec. 9. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 6. [CLAIMS FOR BONUS INCENTIVE.] *(a) The commissioner of human services and the county agency shall develop procedures for the claims process and criteria using automated systems where possible.*

(b) Only one county agency may receive a bonus per paternity establishment or child support order modification. The county agency making the initial preparations for the case resulting in the establishment of paternity or modification of an order is the county agency entitled to claim the bonus incentive, even if the case is transferred to another county agency prior to the time the order is established or modified.

(c) Disputed claims must be submitted to the commissioner of human services and the commissioner's decision is final.

(d) For purposes of this section, "case" means a family unit for whom the county agency is providing child support enforcement services.

Sec. 10. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 7. [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 in the order in which claims are received.*

(b) Bonus incentive funds under this section must be reinvested in the county child support enforcement program and a county may not reduce funding of the child support enforcement program by the amount of the bonus earned.

(c) The county agency shall repay any bonus erroneously issued.

(d) A county agency shall maintain a record of bonus incentives claimed and received for each quarter.

Sec. 11. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 8. [MEDICAL PROVIDER REIMBURSEMENT.] *(a) A fee to the providers of medical services is created for the purpose of increasing the numbers of signed and notarized recognition of parentage forms completed in the medical setting.*

(b) A fee of $25 shall be paid to each medical provider for each properly completed recognition of parentage form sent to the department of vital statistics.

(c) The office of vital statistics shall make the bonus payment of $25 to each medical provider and notify the department of human services quarterly of the numbers of completed forms received and the amounts paid.

(d) The department of human services shall remit quarterly to the office of vital statistics the sums paid to each medical provider for the number of signed recognition of parentage forms completed by that medical provider and sent to the office of vital statistics.

(e) The commissioners of the department of human services and the department of health shall develop procedures for the implementation of this provision.

(f) Payments will be made to the medical provider within the limit of available appropriations.

Sec. 12. Minnesota Statutes 1992, section 256.9791, subdivision 3, is amended to read:

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,~~ *provide the required information for each public assistance case no later than June 30 of each year to determine eligibility. The public authority shall use the information to establish for each county* 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~~ *provide* the required information by ~~August 1~~ *June 30* of each fiscal year is not eligible for any bonus payments under this section for that fiscal year.

Sec. 13. Minnesota Statutes 1992, section 256.9791, subdivision 4, is amended to read:

Subd. 4. [RATE OF BONUS INCENTIVE.] The rate of the bonus incentive shall be determined according to ~~paragraphs~~ *paragraph* (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~~ *$50* 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~~ *paragraph* (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 July 1, 1990.

Sec. 14. [256.9792] [ARREARAGE COLLECTION PROJECTS.]

Subdivision 1. [ARREARAGE COLLECTIONS.] *Arrearage collection projects are created to increase the revenue to the state and counties, reduce AFDC expenditures for former public assistance cases, and increase payments of arrearages to persons who are not receiving public assistance by submitting cases for arrearage collection to collection entities, including but not limited to, the department of revenue and private collection agencies.*

Subd. 2. [DEFINITIONS.] *(a) The definitions in this subdivision apply to this section:*

(b) "Public assistance arrearage case" means a case where current support may be due, no payment, with the exception of tax offset, has been made within the last 90 days, and the arrearages are assigned to the public agency pursuant to section 256.74, subdivision 5.

(c) "Public authority" means the public authority responsible for child support enforcement.

(d) "Nonpublic assistance arrearage case" means a support case where arrearages have accrued that have not been assigned pursuant to section 256.74, subdivision 5.

Subd. 3. [AGENCY PARTICIPATION.] *(a) The collection remedy under this section is in addition to and not in substitution for any other remedy available by law to the public authority. The public authority remains responsible for the case even after collection efforts are referred to the department of revenue, a private agency, or other collection entity.*

(b) The department of revenue, a private agency, or other collection entity may not claim collections made on a case submitted by the public authority for a state tax offset under chapter 270A as a collection for the purposes of this project.

Subd. 4. [ELIGIBLE CASES.] *(a) For a case to be eligible for a collection project, the criteria in paragraphs (b) and (c) must be met. Any case from a county participating in the collections project meeting the criteria under this subdivision must be subcommitted for collection.*

(b) Notice must be sent to the debtor, as defined in section 270A.03, subdivision 4, at the debtor's last known address at least 30 days before the date the collections effort is transferred. The notice must inform the debtor that the department of revenue or a private collections agency will use enforcement and collections remedies and may charge a fee of up to 30 percent of the arrearages. The notice must advise the debtor of the right to

contest the debt on grounds limited to mistakes of fact. The debtor may contest the debt by submitting a written request for review to the public authority within 21 days of the date of the notice.

(c) The arrearages owed must be based on a court or administrative order. The arrearages to be collected must be at least $100 and must be at least 90 days past due. For nonpublic assistance cases referred to private agencies, the arrearages must be a docketed judgment under sections 548.09 and 548.091.

Subd. 5. [COUNTY PARTICIPATION.] *(a) The commissioner of human services shall designate the counties to participate in the projects, after requesting counties to volunteer for the projects.*

(b) The commissioner of human services shall designate which counties shall submit cases to the department of revenue, a private collection agency, or other collection entity.

Subd. 6. [FEES.] *A collection fee set by the commissioner of human services shall be charged to the person obligated to pay the arrearages. The collection fee is in addition to the amount owed, and must be deposited by the commissioner of revenue in the state treasury and credited to the general fund to cover the costs of administering the program or retained by the private agency or other collection entity to cover the costs of administering the collection services.*

Subd. 7. [CONTRACTS.] *(a) The commissioner of human services may contract with the commissioner of revenue, private agencies, or other collection entities to implement the projects, charge fees, and exchange necessary information.*

(b) The commissioner of human services may provide an advance payment to the commissioner of revenue for collection services to be repaid to the department of human services out of subsequent collection fees.

(c) Summary reports of collections, fees, and other costs charged shall be submitted monthly to the state office of child support enforcement.

Subd. 8. [REMEDIES.] *(a) The commissioner of revenue is authorized to use the tax collection remedies in sections 270.06, clause (7), 270.69 to 270.72, and 290.92, subdivision 23, and tax return information to collect arrearages.*

(b) Liens arising under paragraph (a) shall be perfected under the provisions of section 270.69. The lien may be filed as long as the time period allowed by law for collecting the arrearages has not expired. The lien shall attach to all property of the debtor within the state, both real and personal under the provisions of section 270.69. The lien shall be enforced under the provisions in section 270.69 relating to state tax liens.

Sec. 15. Minnesota Statutes 1992, section 257.66, subdivision 3, is amended to read:

Subd. 3. [JUDGMENT; ORDER.] The judgment or order shall contain provisions concerning the duty of support, the custody of the child, the name of the child, visitation privileges with the child, the furnishing of bond or other security for the payment of the judgment, or any other matter in the best interest of the child. Custody and visitation and all subsequent motions related to them shall proceed and be determined under section 257.541. The

remaining matters and all subsequent motions related to them shall proceed and be determined in accordance with chapter 518. The judgment or order may direct the appropriate party to pay all or a proportion of the reasonable expenses of the mother's pregnancy and confinement, after consideration of the relevant facts, including the relative financial means of the parents; the earning ability of each parent; and any health insurance policies held by either parent, or by a spouse or parent of the parent, which would provide benefits for the expenses incurred by the mother during her pregnancy and confinement. *Remedies available for the collection and enforcement of child support apply to confinement costs and are considered additional child support.*

Sec. 16. Minnesota Statutes 1992, section 257.67, subdivision 3, is amended to read:

Subd. 3. Willful failure to obey the judgment or order of the court is a ~~civil~~ contempt of the court. All remedies for the enforcement of judgments apply including those available under *chapters 518 and 518C and* sections ~~518C.01 to 518C.36 and~~ 256.871 to 256.878.

Sec. 17. Minnesota Statutes 1992, section 349A.08, subdivision 8, is amended to read:

Subd. 8. [WITHHOLDING OF DELINQUENT STATE TAXES OR OTHER DEBTS.] The director shall report the name, address, and social security number of each winner of a lottery prize of ~~$1,000~~ *$600* or more to the department of revenue to determine whether the person who has won the prize is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5. If the person is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5, the director shall withhold the delinquent amount from the person's prize for remittance to the department of revenue for payment of the delinquent taxes or distribution to a claimant agency in accordance with chapter 270A. Section 270A.10 applies to the priority of claims.

Sec. 18. Minnesota Statutes 1992, section 484.74, subdivision 1, as amended by Laws 1993, chapter 192, section 96, if enacted, is amended to read:

Subdivision 1. [AUTHORIZATION.] ~~Except for good cause shown,~~ In litigation involving an amount in excess of $7,500 in controversy, the presiding judge ~~shall~~ *may*, by order, direct the parties to enter nonbinding alternative dispute resolution. Alternatives may include private trials, neutral expert fact-finding, mediation, minitrials, and other forms of alternative dispute resolution. The guidelines for the various alternatives must be established by the presiding judge and must emphasize early and inexpensive exchange of information and case evaluation in order to facilitate settlement.

Sec. 19. Minnesota Statutes 1992, section 484.76, subdivision 1, as amended by Laws 1993, chapter 192, section 97, if enacted, is amended to read:

Subdivision 1. [GENERAL.] The supreme court shall establish a statewide alternative dispute resolution program for the resolution of civil cases filed with the courts. The supreme court shall adopt rules governing practice, procedure, and jurisdiction for alternative dispute resolution programs established under this section. *Except for matters involving family law* the rules shall require the use of nonbinding alternative dispute resolution processes in

all civil cases, except for good cause shown by the presiding judge, and must provide an equitable means for the payment of fees and expenses for the use of alternative dispute resolution processes.

Sec. 20. Minnesota Statutes 1992, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

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, *including a modification proceeding under sections 518.18 and 518.64*. 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. 21. Minnesota Statutes 1992, 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,~~ *(a)* The court shall order the ~~obligor~~ *party with the better group dependent health and dental insurance coverage* to name the minor child as beneficiary on any health and dental insurance plan that is *comparable to or better than a number two qualified plan and* available to the ~~obligor~~ *party* 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.

(b) If the court finds that dependent health or dental insurance is not available to the obligor *or obligee* 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 *(1)* to obtain *other* dependent health or dental insurance, ~~or~~ *(2)* to be liable for reasonable and necessary medical or dental expenses of the child, *or (3) to pay no less than $50 per month to be applied to the medical*

and dental expenses of the children or to the cost of health insurance dependent coverage.

(c) If the court finds that the *available* 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,~~ *including any existing or anticipated extraordinary medical expenses,* 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. *Medical and dental expenses include, but are not limited to, necessary orthodontia and eye care, including prescription lenses.*

(d) If the obligor is employed by a self-insured employer subject only to the federal Employee Retirement Income Security Act (ERISA) of 1974, and the insurance benefit plan meets the above requirements, the court shall order the obligor to enroll the dependents within 30 days of the court order effective date or be liable for all medical and dental expenses occurring while coverage is not in effect. If enrollment in the ERISA plan is precluded by exclusionary clauses, the court shall order the obligor to obtain other coverage or make payments as provided in paragraph (b) or (c).

(e) Unless otherwise agreed by the parties and approved by the court, if the court finds that the obligee is not receiving public assistance for the child and has the financial ability to contribute to the cost of medical and dental expenses for the child, including the cost of insurance, the court shall order the obligee and obligor to each assume a portion of these expenses based on their proportionate share of their total net income as defined in section 518.54, subdivision 6.

(f) Payments ordered under this section are subject to section 518.611. An obligee who fails to apply payments received to the medical expenses of the dependents may be found in contempt of this order.

Sec. 22. Minnesota Statutes 1992, section 518.171, subdivision 2, is amended to read:

Subd. 2. [SPOUSAL *OR EX-SPOUSAL* COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.

Sec. 23. Minnesota Statutes 1992, section 518.171, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYER AND OBLIGOR NOTICE.] *If an individual is hired for employment, the employer shall request that the individual disclose whether the individual has court-ordered medical support obligations that are required by law to be withheld from income and the terms of the court order, if any. The employer shall request that the individual disclose whether the individual has been ordered by a court to provide health and dental dependent insurance coverage. The individual shall disclose this information at the time of hiring. If an individual discloses that medical support is required to be withheld, the employer shall begin withholding according to the terms of the*

order and pursuant to section 518.611, subdivision 8. If an individual discloses an obligation to obtain health and dental dependent insurance coverage and coverage is available through the employer, the employer shall make all application processes known to the individual upon hiring and enroll the employee and dependent in the plan pursuant to subdivision 3.

Sec. 24. Minnesota Statutes 1992, 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~~ *the* effective ~~notice~~ *date* 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. 25. Minnesota Statutes 1992, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] *(a)* 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.

(b) An employer or union that willfully fails to comply with the order is liable for any health or dental expenses incurred by the dependents during the period of time the dependents were eligible to be enrolled in the insurance program, and for any other premium costs incurred because the employer or union willfully failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt under section 44 and is also subject to a fine of $500 to be paid to the obligee or public authority. Fines paid to the public authority are designated for child support enforcement services.

(c) 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. 26. Minnesota Statutes 1992, section 518.171, subdivision 6, is amended to read:

Subd. 6. [INSURER *REIMBURSEMENT; CORRESPONDENCE AND* NOTICE.] *(a)* The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services *or to the custodial parent if medical services have been prepaid by the custodial parent.*

(b) The insurer shall send copies of all correspondence regarding the insurance coverage to both parents. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within ten days of the termination date with notice of conversion privileges.

Sec. 27. Minnesota Statutes 1992, 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, *or insurance agent* 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. 28. Minnesota Statutes 1992, section 518.171, subdivision 8, is amended to read:

Subd. 8. [OBLIGOR LIABILITY.] ~~The~~ *(a) An* obligor ~~that~~ *who* fails to maintain ~~the~~ medical or dental insurance for the benefit of the children as ordered ~~shall be~~ *or fails to provide other medical support as ordered is* liable to the obligee for any medical or dental expenses incurred from the *effective* date of the court order, *including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered.* Proof of failure to maintain insurance *or noncompliance with an order to provide other medical support* constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.

(b) Payments for services rendered to the dependents that are directed to the obligor, in the form of reimbursement by the insurer, must be endorsed over to and forwarded to the vendor or custodial parent or public authority when the reimbursement is not owed to the obligor. An obligor retaining insurance reimbursement not owed to the obligor may be found in contempt of this order and held liable for the amount of the reimbursement. Upon written verification by the insurer of the amounts paid to the obligor, the reimbursement amount is subject to all enforcement remedies available under subdivision 10.

Sec. 29. Minnesota Statutes 1992, section 518.171, subdivision 10, is amended to read:

Subd. 10. [ENFORCEMENT.] Remedies available for the collection and enforcement of child support apply to medical support. For the purpose of enforcement, the costs of individual or group health or hospitalization coverage, *dental coverage, all medical costs ordered by the court to be paid by the obligor, including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered* or liabilities established pursuant to subdivision 8, are additional child support.

Sec. 30. Minnesota Statutes 1992, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. *A child support or maintenance order constitutes prima facie evidence that the obligor has the ability to pay the award.* If the obligor disobeys the order, it is prima facie evidence of contempt.

Sec. 31. Minnesota Statutes 1992, section 518.54, subdivision 4, is amended to read:

Subd. 4. [SUPPORT MONEY*; CHILD SUPPORT*.] "Support money" *or "child support"* means*:*

(1) an award in a dissolution, legal separation, ~~or~~ annulment, *or parentage* proceeding for the care, support and education of any child of the marriage or of the parties to the ~~annulment~~ proceeding*; or*

(2) a contribution by parents ordered under section 256.87.

Sec. 32. Minnesota Statutes 1992, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [*SCOPE;* PAYMENT TO PUBLIC AGENCY.] *(a) This section applies to all proceedings involving an award of child support.*

(b) 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. 33. Minnesota Statutes 1992, 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 stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). 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 may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount *for child support* by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
~~$400~~ *$550* 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~~ *5,000 or the amount in effect under paragraph (k)*	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income ~~of $4,001 or more~~ *in excess of the income limit currently in effect under paragraph (k)* shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income ~~of $4,000~~ *equal to the limit in effect.*

Net Income defined as:

Total monthly income less

*(i) Federal Income Tax
*(ii) State Income Tax
(iii) Social Security Deductions
(iv) Reasonable Pension Deductions

*Standard Deductions apply-use of tax tables recommended

(v) Union Dues
(vi) Cost of Dependent Health Insurance Coverage
(vii) Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
(viii) A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) 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;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

The court shall review the work related and education related child care costs of the custodial parent and shall allocate the costs to each parent in proportion to each parent's income after the transfer of child support, unless the allocation would be substantially unfair to either parent. The cost of child care for purposes of this section is determined by subtracting the amount of any federal and state income tax credits available to a parent from the actual

cost paid for child care. The amount allocated for child care expenses is considered child support.

~~(b)~~ *(c)* In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support *or in determining whether to deviate from the guidelines*:

(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)~~ *(b)*, clause (2)(ii);

(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)~~ *(5)* the parents' debts as provided in paragraph ~~(c)~~ *(d)*.

~~(c)~~ *(d)* 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.

~~(d)~~ *(e)* Any schedule prepared under paragraph ~~(c)~~ *(d)*, 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.

~~(e)~~ *(f)* 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.

~~(f) Where~~ *(g) If* payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

~~(g)~~ *(h)* 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.

~~(h)~~ *(i)* The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the reasons for the deviation and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(j) If the child support payments are assigned to the public agency under section 256.74, the court may not deviate downward from the child support guidelines unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

Sec. 34. Minnesota Statutes 1992, section 518.551, subdivision 5b, is amended to read:

Subd. 5b. [DETERMINATION OF INCOME.] (a) The parties shall timely serve and file documentation of earnings and income. When there is a prehearing conference, the court must receive the documentation of income at least ten days prior to the prehearing conference. Documentation of earnings and income also includes, but is not limited to, pay stubs for the most recent three months, employer statements, or statement of receipts and expenses if self-employed. Documentation of earnings and income also includes copies of each parent's most recent federal tax returns, including W-2 forms, 1099 forms, unemployment compensation statements, workers' compensation statements, and all other documents evidencing income as received that provide verification of income over a longer period.

(b) *In addition to the requirements of paragraph (a), at any time after an action seeking child support has been commenced or when a child support order is in effect, a party or the public authority may require the other party to give them a copy of the party's most recent federal tax returns that were filed with the Internal Revenue Service. The party shall provide a copy of the tax returns within 30 days of receipt of the request unless the request is not made in good faith. A request under this paragraph may not be made more than once every two years, in the absence of good cause.*

(c) If a parent under the jurisdiction of the court does not appear at a court hearing after proper notice of the time and place of the hearing, the court shall set income for that parent based on credible evidence before the court or in accordance with paragraph ~~(c)~~ *(d)*. Credible evidence may include documentation of current or recent income, testimony of the other parent concerning

recent earnings and income levels, and the parent's wage reports filed with the Minnesota department of jobs and training under section 268.121.

~~(c)~~ *(d)* If the court finds that a parent is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of imputed income. A parent is not considered voluntarily unemployed or underemployed upon a showing by the parent that the unemployment or underemployment: (1) is temporary and will ultimately lead to an increase in income; or (2) represents a bona fide career change that outweighs the adverse effect of that parent's diminished income on the child. Imputed income means the estimated earning ability of a parent based on the parent's prior earnings history, education, and job skills, and on availability of jobs within the community for an individual with the parent's qualifications. If the court is unable to determine or estimate the earning ability of a parent, the court may calculate child support based on full-time employment of 40 hours per week at the federal minimum wage or the Minnesota minimum wage, whichever is higher. If a parent *is a recipient of public assistance under sections 256.72 to 256.87 or chapter 256D, or* is physically or mentally incapacitated, it shall be presumed that the parent is not voluntarily unemployed or underemployed.

Sec. 35. Minnesota Statutes 1992, section 518.551, is amended by adding a subdivision to read:

Subd. 5d. [EDUCATION TRUST FUND.] *The parties may agree to designate a sum of money above any court ordered child support as a trust fund for the costs of post-secondary education.*

Sec. 36. Minnesota Statutes 1992, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support.

An application fee ~~not to exceed~~ *of* $25 shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to nonpublic assistance status. Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. *The public authority upon written notice to the obligee shall assess a fee of $25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.*

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

Sec. 37. Minnesota Statutes 1992, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] (a) 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~~ *Effective July 1, 1994, all counties shall* 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, *are* 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~~ *provides services to* a party *or parties* to the action. *These actions* 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.

(b) 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.

(c) 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 *and maintenance* 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.

(d) 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, *and county sheriff* shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

(e) 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.

(f) 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.

(g) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

(h) The commissioner of human services shall distribute money for this purpose to counties to cover the costs of the administrative process, including the salaries of administrative law judges. If available appropriations are insufficient to cover the costs, the commissioner shall prorate the amount among the counties.

Sec. 38. Minnesota Statutes 1992, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 *or other state agency or board that issues an occupational license* and the obligor is in arrears in court-ordered child support payments, the court may direct the licensing board *or other licensing agency* to conduct a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 39. [518.561] [EMPLOYER QUESTIONNAIRE AND NOTICE.]

The commissioner of human services shall prepare a questionnaire for use by employers in obtaining information from employees for purposes of complying with sections 518.171, subdivision 2a, and 518.611, subdivision 8. The commissioner shall arrange for public dissemination of the questionnaires and notice to employers of the requirements of these provisions.

Sec. 40. Minnesota Statutes 1992, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation, or annulment, the court 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~~. *The court* may make ~~the same~~ *any child support order* a lien or charge upon the property of the ~~parties to the proceeding, or either of them~~ *obligor*, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 41. Minnesota Statutes 1992, section 518.57, is amended by adding a subdivision to read:

Subd. 4. [OTHER CUSTODIANS.] *If a child resides with a person other than a parent and the court approves of the custody arrangement, the court may order child support payments to be made to the custodian regardless of whether the person has legal custody.*

Sec. 42. Minnesota Statutes 1992, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] *(a)* Notwithstanding any law to the contrary, the order is binding on the employer, trustee, 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, 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 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 obligor is considered to have paid the amount withheld as of the date the obligor received 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.

(b) 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.

(c) 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. *An employer or other payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. An employer or other payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. An employer or other payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 44.*

Sec. 43. Minnesota Statutes 1992, section 518.613, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance, enforced by the public authority, is initially determined and ordered or modified by the court in a county in which this section applies, the amount of child support or maintenance ordered by the court *and any fees assessed by the public authority responsible for child support enforcement* must be withheld from the income, regardless of source, of the person obligated to pay the support.

Sec. 44. [518.615] [EMPLOYER CONTEMPT.]

Subdivision 1. [ORDERS BINDING.] *Income withholding or medical support orders issued pursuant to sections 518.171, 518.611, and 518.613 are binding on the employer, trustee, or other payor of funds after the order and notice of income withholding or enforcement of medical support has been served on the employer, trustee, or payor of funds.*

Subd. 2. [CONTEMPT ACTION.] *An obligee or the public agency responsible for child support enforcement may initiate a contempt action against an employer, trustee, or payor of funds, within the action that created the support obligation, by serving an order to show cause upon the employer, trustee, or payor of funds.*

The employer, trustee, or payor of funds is presumed to be in contempt:

(1) if the employer, trustee, or payor of funds has intentionally failed to withhold support after receiving the order and notice of income withholding or notice of enforcement of medical support; or

(2) upon presentation of pay stubs or similar documentation showing the employer, trustee, or payor of funds withheld support and demonstration that the employer, trustee, or payor of funds intentionally failed to remit support to the agency responsible for child support enforcement.

Subd. 3. [LIABILITY.] *The employer, trustee, or payor of funds is liable to the obligee or the agency responsible for child support enforcement for any amounts required to be withheld that were not paid. The court may enter judgment against the employer, trustee, or payor of funds for support not withheld or remitted. The court may also impose contempt sanctions under chapter 588.*

Sec. 45. Minnesota Statutes 1992, section 518.64, subdivision 1, is amended to read:

Subdivision 1. After an order for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided. *A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments.*

Sec. 46. Minnesota Statutes 1992, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87; ~~or~~ (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair*; (5) extraordinary medical expenses of the child not*

provided for under section 518.171; or (6) the addition or elimination of work-related or education-related child care expenses of the obligee or a substantial increase or decrease in existing work-related or education-related child care expenses.

It is presumed that there has been a substantial change in circumstances under clause (1), (2), or (4) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, 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 apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified

only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 47. Minnesota Statutes 1992, section 518.64, subdivision 5, is amended to read:

Subd. 5. [FORM.] The department of human services shall prepare and make available to courts, obligors and persons to whom child support is owed a form to be submitted by the obligor or the person to whom child support is owed in support of a motion for a modification of an order for support or maintenance *or for contempt of court*. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Sec. 48. Minnesota Statutes 1992, section 518.64, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED PROCEDURE.] (a) The public authority may seek a modification of the child support order in accordance with the rules of civil procedure or under the expedited procedures in this subdivision.

(b) The public authority may serve the following documents upon the obligor either by certified mail or in the manner provided for service of ~~a summons~~ *other pleadings* under the rules of civil procedure:

(i) a notice of its application for modification of the obligor's support order stating the amount and effective date of the proposed modification which date shall be no sooner than 30 days from the date of service;

(ii) an affidavit setting out the basis for the modification under subdivision 2, including evidence of the current income of the parties;

(iii) any other documents the public authority intends to file with the court in support of the modification;

(iv) the proposed order;

(v) notice to the obligor that if the obligor fails to move the court and request a hearing on the issue of modification of the support order within 30 days of service of the notice of application for modification, the public authority will likely obtain an order, ex parte, modifying the support order; and

(vi) an explanation to the obligor of how a hearing can be requested, together with a motion for review form that the obligor can complete and file with the court to request a hearing.

(c) If the obligor moves the court for a hearing, any modification must be stayed until the court has had the opportunity to determine the issue. Any modification ordered by the court is effective on the date set out in the notice

of application for modification, but no earlier than 30 days following the date the obligor was served.

(d) If the obligor fails to move the court for hearing within 30 days of service of the notice, the public authority shall file with the court a copy of the notice served on the obligor as well as all documents served on the obligor, proof of service, and a proposed order modifying support.

(e) If, following judicial review, the court determines that the procedures provided for in this subdivision have been followed and the requested modification is appropriate, the order shall be signed ex parte and entered.

(f) Failure of the court to enter an order under this subdivision does not prejudice the right of the public authority or either party to seek modification in accordance with the rules of civil procedure.

(g) The supreme court shall develop standard forms for the notice of application of modification of the support order, the supporting affidavit, the obligor's responsive motion, and proposed order granting the modification.

Sec. 49. [518.585] [NOTICE OF INTEREST ON LATE CHILD SUPPORT.]

Any judgment or decree of dissolution or legal separation containing a requirement of child support and any determination of parentage, order under chapter 518C, order under section 256.87, or order under section 260.251 must include a notice to the parties that section 548.091, subdivision 1a, provides for interest to begin accruing on a payment or installment of child support whenever the unpaid amount due is greater than the current support due.

Sec. 50. Minnesota Statutes 1992, section 548.09, subdivision 1, is amended to read:

Subdivision 1. [DOCKETING; SURVIVAL OF JUDGMENT.] Except as provided in section 548.091, every judgment requiring the payment of money shall be docketed by the court administrator upon its entry. Upon a transcript of the docket being filed with the court administrator in any other county, the court administrator shall also docket it. From the time of docketing the judgment is a lien, in the amount unpaid, upon all real property in the county then or thereafter owned by the judgment debtor, but it is not a lien upon registered land unless it is also filed pursuant to sections 508.63 and 508A.63. The judgment survives, and the lien continues, for ten years after its entry. *Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.*

Sec. 51. Minnesota Statutes 1992, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld from the obligor's income as required under section 518.611 or 518.613, is a judgment by operation of law on and

after the date it is due and is entitled to full faith and credit in this state and any other state. Interest accrues from the date the ~~judgment on the payment or installment is entered and docketed under subdivision 3a,~~ *unpaid amount due is greater than the current support due* at the annual rate provided in section 549.09, subdivision 1, *plus two percent, not to exceed an annual rate of 18 percent*. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

Sec. 52. Minnesota Statutes 1992, section 548.091, subdivision 3a, is amended to read:

Subd. 3a. [ENTRY, DOCKETING, AND SURVIVAL OF CHILD SUPPORT JUDGMENT.] Upon receipt of the documents filed under subdivision 2a, the court administrator shall enter and docket the judgment in the amount of the default specified in the affidavit of default. From the time of docketing, the judgment is a lien upon all the real property in the county owned by the judgment debtor. The judgment survives and the lien continues for ten years after the date the judgment was docketed. *Child support judgments may be renewed by service of notice upon the debtor. Service shall be by certified mail at the last known address of the debtor or in the manner provided for the service of civil process. Upon the filing of the notice and proof of service the court administrator shall renew the judgment for child support without any additional filing fee.*

Sec. 53. Minnesota Statutes 1992, section 588.20, is amended to read:

588.20 [CRIMINAL CONTEMPTS.]

Every person who shall commit a contempt of court, of any one of the following kinds, shall be guilty of a misdemeanor:

(1) Disorderly, contemptuous, or insolent behavior, committed during the sitting of the court, in its immediate view and presence, and directly tending to interrupt its proceedings, or to impair the respect due to its authority;

(2) Behavior of like character in the presence of a referee, while actually engaged in a trial or hearing, pursuant to an order of court, or in the presence of a jury while actually sitting for the trial of a cause, or upon an inquest or other proceeding authorized by law;

(3) Breach of the peace, noise, or other disturbance directly tending to interrupt the proceedings of a court, jury, or referee;

(4) Willful disobedience to the lawful process or other mandate of a court;

(5) Resistance willfully offered to its lawful process or other mandate;

(6) Contumacious and unlawful refusal to be sworn as a witness, or, after being sworn, to answer any legal and proper interrogatory;

(7) Publication of a false or grossly inaccurate report of its proceedings*; or*

(8) Willful failure to pay court-ordered child support when the obligor has the ability to pay.

No person shall be punished as herein provided for publishing a true, full, and fair report of a trial, argument, decision, or other proceeding had in court.

Sec. 54. Minnesota Statutes 1992, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse who is in necessitous circumstances, or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of ~~nonsupport of the spouse or child, as the case may be~~ *a misdemeanor*, and upon conviction ~~thereof~~ may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than ~~$300~~ *$700, or both.*

Sec. 55. Minnesota Statutes 1992, section 609.375, subdivision 2, is amended to read:

Subd. 2. If the ~~knowing omission and failure without lawful excuse to provide care and support to a spouse, a minor child, or a pregnant wife~~ *violation of subdivision 1* continues for a period in excess of 90 days the person is guilty of a ~~felony~~ *gross misdemeanor* and may be sentenced to imprisonment for not more than ~~five years~~ *one year or to payment of a fine of not more than $3,000, or both.*

Sec. 56. [INCOME WITHHOLDING; SINGLE CHECK SYSTEM CENTRAL DEPOSITORY OR OTHER FISCAL AGENT.]

The commissioner of human services, in consultation with county child support enforcement agencies and other persons with relevant expertise, shall study and make recommendations on: (1) the feasibility of establishing a single check system under which employers who are implementing income withholding may make one combined payment for payments due to public authorities to one public authority or to the commissioner of human services; and (2) the feasibility of establishing a central depository or designating a fiscal agent for receipt of child support payments. The commissioner shall estimate the cost of the single check system and use of a central depository or fiscal agent and the level of fees that would be necessary to make them self-supporting. The commissioner shall report to the legislature by January 15, 1995.

Sec. 57. [INCOME SHARES FORMULA; JOINT AND SPLIT CUSTODY CHILD SUPPORT.]

The commissioner of human services advisory committee for child support enforcement shall study and make recommendations on:

(1) the feasibility of converting from the current child support guidelines to an income shares formula for determining child support; and

(2) guidelines or formulas for the computation of child support in cases involving joint physical or split custody. The commissioner shall perform data analyses of any guidelines or formulas being recommended by the committee to determine the impact of the formula on child support based on different income levels and the number of children involved.

The commissioner shall not contract with any person outside the department to perform the study. The commissioner shall report the findings and recommendations of the committee to the legislature by January 15, 1994.

Sec. 58. [ADMINISTRATIVE PROCESS FOR CHILD SUPPORT.]

The commissioner of human services, in consultation with the commissioner's advisory committee for child support enforcement, shall develop and implement a plan to restructure the administrative process for setting, modifying, and enforcing child support under Minnesota Statutes, section 518.551, subdivision 10. The plan shall implement a state-administered administrative process that is simple, streamlined, informal, uniform throughout the state, and accessible to parties without counsel no later than July 1, 1994.

Sec. 59. [PURPOSE.]

The purpose of the amendment to Minnesota Statutes 1992, section 518.64, subdivision 2, paragraph (a), dealing with the presumption of a substantial change in circumstances and self-limited income, is to conform to Code of Federal Regulations, title 42, section 303.8(d)(2).

Sec. 60. [REPEALER.]

(a) Minnesota Statutes 1992, section 256.979, is repealed.

(b) Minnesota Statutes 1992, section 609.37, is repealed.

Sec. 61. [EFFECTIVE DATE; APPLICATION.]

(a) Except as otherwise provided in this section, this act is effective August 1, 1993.

(b) Sections 8 to 14 and 56 to 58 are effective July 1, 1993.

(c) Sections 21, 22, and 33 apply to child support and medical support orders entered or modified on or after the effective date.

(d) Sections 54, 55, and 60, paragraph (b), are effective August 1, 1993, and apply to crimes committed on or after that date.

(d) Sections 36 and 37 are effective January 1, 1994."

Delete the title and insert:

"A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 484.74, subdivision 1, as amended; 484.76, subdivision 1, as amended; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37."

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

House Conferees: (Signed) Jim Farrell, Dave Bishop, Thomas Pugh

Senate Conferees: (Signed) Richard J. Cohen, Ember D. Reichgott, David L. Knutson

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1042 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 H.F. No. 1042. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Cohen. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1042 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kiscaden	Moe, R.D.	Reichgott
Anderson	Finn	Knutson	Mondale	Riveness
Beckman	Flynn	Krentz	Morse	Robertson
Belanger	Frederickson	Kroening	Neuville	Runbeck
Benson, D.D.	Hanson	Laidig	Novak	Sams
Benson, J.E.	Hottinger	Langseth	Oliver	Solon
Berg	Janezich	Lesewski	Olson	Spear
Berglin	Johnson, D.E.	Luther	Pappas	Stevens
Bertram	Johnson, D.J.	Marty	Pariseau	Stumpf
Betzold	Johnson, J.B.	McGowan	Piper	Terwilliger
Chandler	Johnston	Merriam	Pogemiller	Wiener
Cohen	Kelly	Metzen	Ranum	

Those who voted in the negative were:

Chmielewski	Larson	Lessard	Samuelson	Vickerman
Day				

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. 1178, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1178 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1178

A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service

networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 144.581, subdivision 2; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1178, 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. 1178 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INTEGRATED SERVICE NETWORKS

Section 1. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

Subd. 8. [IMPLEMENTATION PLAN.] *(a) The commissioner, in consultation with the commission, shall develop and submit to the legislature and the governor by January 15, 1994, a detailed implementation plan, including proposed rules and legislation, to implement the cost containment plan recommended by the commission as described in the summary report of the commission issued on January 25, 1993, as further modified by this act. The goal of the implementation plan must be to allow integrated service networks to form beginning July 1, 1994, and to begin a phased-in implementation of an all-payer system over a two-year period beginning July 1, 1994.*

(b) To ensure a wide range of choices for purchasers, consumers, and providers, the rules and legislation must encourage and facilitate the formation of locally controlled integrated service networks, in addition to networks sponsored by statewide health plan companies.

(c) Financial solvency, net worth, and reserve requirements for integrated service networks must facilitate the formation of new networks, including networks sponsored by providers, employers, community organizations, local governments, and other locally based organizations, while protecting enrollees from undue risk of financial insolvency. The rules and legislation shall authorize alternative financial solvency, net worth, and reserve requirements for networks sponsored by providers that are based on the operational capacity, facilities, personnel, and financial capability to provide the services that it has contracted to provide to enrollees during the term of the contract provided the requirements are based on sound actuarial, financial, and accounting principles. The criteria for allowing integrated service networks and participating providers and health care providing entities to satisfy financial requirements through alternative means may authorize consideration of:

(1) the level of services to be provided by a provider relative to its existing service capacity;

(2) the provider's debt rating;

(3) certification by an independent consulting actuary;

(4) the availability of allocated or restricted funds;

(5) net worth;

(6) the availability of letters of credit;

(7) the taxing authority of the entity or governmental sponsor;

(8) net revenues;

(9) accounts receivable;

(10) the number of providers under contract;

(11) indebtedness; and

(12) other factors the commissioner may reasonably establish to measure the ability of the provider or health care providing entity to provide the level of services.

(d) The implementation plan may include a requirement that an integrated service network may not contract for management services with a separate entity unless:

(1) the contract complies with section 62D.19; and

(2) if the management contract exceeds five percent of gross revenues of the integrated service network, provisions requiring holdbacks or other risk related provisions must be no more favorable to the separate entity under the management contract than comparable terms contained in any contract between the integrated service network and any health care providing entity or provider.

(e) The implementation plan must include technical assistance and financial assistance to promote the creation of locally controlled networks to serve rural areas and special populations. The commissioner and the commission shall consider including in the implementation plan the establishment of a management cooperative that will provide planning, organization, administration, billing, legal, and support services to integrated service networks that are members of the cooperative.

(f) The implementation plan must address problems of provider recruitment and retention in rural areas. Rules and legislation must be designed to improve the ability of rural communities to maintain an effective local delivery system.

(g) The implementation plan must include a method to create an option for health care providers and health care plans who meet or fall below the limits set by the commissioner under section 62J.04 to obtain a waiver from the applicability of the all-payer rules.

(h) In developing the implementation plan, the commissioner and the commission shall consider medical malpractice liability in terms of an entity operating an integrated service network and possible medical malpractice committed by its employees and make recommendations on any statutory changes that may be necessary. The commissioner may also consider whether a network and its participating entities should be allowed to reallocate between themselves the risk of malpractice liability.

(i) The implementation plan must identify the entities to whom an integrated service network may provide health care services, and persons or methods through whom or which an integrated service network may offer or sell its services.

(j) The implementation plan may consider the obligations that an integrated service network should have to the comprehensive health association established under section 62E.10. If obligations are to be required of an integrated service network, the implementation plan may provide for a phase-in of the assessments under section 62E.11. The implementation plan should clearly specify the rights and duties of integrated service networks with respect to the comprehensive health association.

(k) In developing the implementation plan, the commissioner and the commission shall consider how enrollees should be protected in the event of the insolvency of a network, how prospective enrollees should be informed of the consequences to enrollees of an insolvency, and the form of the hold harmless clause that must be contained in every network enrollee contract.

(l) In developing the implementation plan, the commissioner and the commission shall consider the liquidation, rehabilitation, and conservation procedures that would be appropriate for networks.

(m) The rules and legislation must include provisions authorizing integrated service networks to bear the risk of providing coverage either by retaining the risk or by transferring all or part of the risk by purchasing reinsurance or other appropriate methods.

(n) The implementation plan must recommend the solvency requirements appropriate for a network, including net worth and deposit requirements, any reduced or phased-in net worth or deposit requirements that might be appropriate for new networks, government-sponsored networks, networks that use accredited capitated providers, or that have other particular features that provide a rationale for adjusting the solvency requirements.

(o) The commissioner shall determine the possible relationships between providers and integrated service networks, including requirements for the contractual relationships that may be required in order to ensure flexible arrangements between integrated service networks and providers.

Sec. 2. [62N.01] [CITATION AND PURPOSE.]

Subdivision 1. [CITATION.] *Sections 62N.01 to 62N.24 may be cited as the "Minnesota integrated service network act."*

Subd. 2. [PURPOSE.] *Sections 62N.01 to 62N.24 allow the creation of integrated service networks that will be responsible for arranging for or delivering a full array of health care services, from routine primary and preventive care through acute inpatient hospital care, to a defined population for a fixed price from a purchaser.*

Each integrated service network is accountable to keep its total revenues within the limit of growth set by the commissioner of health under section 62N.05, subdivision 2, clause (1). Integrated service networks can be formed by health care providers, health maintenance organizations, insurance companies, employers, or other organizations. Competition between integrated service networks on the quality and price of health care services is encouraged.

Sec. 3. [62N.02] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] *The definitions in this section apply to sections 62J.04, subdivision 8, and 62N.01 to 62N.24.*

Subd. 2. [ACCREDITED CAPITATED PROVIDER.] *"Accredited capitated provider" means a financially responsible health care providing entity paid by a network on a capitated basis.*

Subd. 3. [COMMISSION.] *"Commission" means the health care commission established under section 62J.05.*

Subd. 4. [COMMISSIONER.] *"Commissioner" means the commissioner of health or the commissioner's designated representative.*

Subd. 5. [ENROLLEE.] *"Enrollee" means an individual, including a member of a group, to whom a network is obligated to provide health services under this chapter.*

Subd. 6. [HEALTH CARE PROVIDING ENTITY.] *"Health care providing entity" means a participating entity that provides health care to enrollees through an integrated service network.*

Subd. 6a. [HEALTH CARRIER.] *"Health carrier" has the meaning given in section 62A.011.*

Subd. 7. [HEALTH PLAN.] *"Health plan" means a health plan as defined in section 62A.011 or coverage by an integrated service network.*

Subd. 8. [INTEGRATED SERVICE NETWORK.] *"Integrated service network" means a formal arrangement permitted by this chapter and licensed by the commissioner for providing health services under this chapter to enrollees for a fixed payment per time period.*

Subd. 9. [NETWORK.] *"Network" means an integrated service network as defined in this section.*

Subd. 10. [PARTICIPATING ENTITY.] *"Participating entity" means a health care providing entity, a risk-bearing entity, or an entity providing other services through an integrated service network.*

Subd. 11. [PRICE.] *"Price" means the actual amount of money paid, after discounts or other adjustments, by the person or organization paying money to buy health care coverage and health care services. "Price" does not mean the cost or costs incurred by a network or other entity to provide health care services to individuals.*

Subd. 12. [RISK-BEARING ENTITY.] *"Risk-bearing entity" means an entity that participates in an integrated service network so as to bear all or part of the risk of loss. "Risk-bearing entity" includes an entity that provides reinsurance, stop-loss, excess-of-loss, and similar coverage.*

Sec. 4. [62N.03] [APPLICABILITY OF OTHER LAW.]

Chapters 60A, 60B, 60G, 61A, 61B, 62A, 62C, 62D, 62E, 62H, 62L, 62M, and 64B do not, except as expressly provided in this chapter or in those other chapters, apply to integrated service networks, or to entities otherwise subject to those chapters, with respect to participation by those entities in integrated service networks. Chapters 72A and 72C apply to integrated service networks, except as otherwise expressly provided in this chapter.

Integrated service networks are in "the business of insurance" for purposes of the federal McCarren-Ferguson Act, United States Code, title 15, section 1012, are "domestic insurance companies" for purposes of the federal Bankruptcy Reform Act of 1978, United States Code, title 11, section 109, and are "insurance" for purposes of the federal Employee Retirement Income Security Act, United States Code, title 29, section 1144.

Sec. 5. [62N.04] [REGULATION.]

Integrated service networks are under the supervision of the commissioner, who shall enforce this chapter. The commissioner has, with respect to this chapter, all enforcement and rulemaking powers available to the commissioner under section 62D.17.

Sec. 6. [62N.05] [RULES GOVERNING INTEGRATED SERVICE NETWORKS.]

Subdivision 1. [RULES.] *The commissioner, in consultation with the commission, may adopt emergency and permanent rules to establish more detailed requirements governing integrated service networks in accordance with this chapter.*

Subd. 2. [REQUIREMENTS.] *The commissioner shall include in the rules requirements that will ensure that the annual rate of growth of an integrated service network's aggregate total revenues received from purchasers and enrollees, after adjustments for changes in population size and risk, does not exceed the growth limit established in section 62J.04. A network's aggregate total revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62P.04, subdivision 2, that the network pays. The commissioner may include in the rules the following:*

(1) requirements for licensure, including a fee for initial application and an annual fee for renewal;

(2) quality standards;

(3) requirements for availability and comprehensiveness of services;

(4) requirements regarding the defined population to be served by an integrated service network;

(5) requirements for open enrollment;

(6) provisions for incentives for networks to accept as enrollees individuals who have high risks for needing health care services and individuals and groups with special needs;

(7) prohibitions against disenrolling individuals or groups with high risks or special needs;

(8) requirements that an integrated service network provide to its enrollees information on coverage, including any limitations on coverage, deductibles and copayments, optional services available and the price or prices of those services, any restrictions on emergency services and services provided outside of the network's service area, any responsibilities enrollees have, and describing how an enrollee can use the network's enrollee complaint resolution system;

(9) requirements for financial solvency and stability;

(10) a deposit requirement;

(11) financial reporting and examination requirements;

(12) limits on copayments and deductibles;

(13) mechanisms to prevent and remedy unfair competition;

(14) provisions to reduce or eliminate undesirable barriers to the formation of new integrated service networks;

(15) requirements for maintenance and reporting of information on costs, prices, revenues, volume of services, and outcomes and quality of services;

(16) a provision allowing an integrated service network to set credentialing standards for practitioners employed by or under contract with the network;

(17) a requirement that an integrated service network employ or contract with practitioners and other health care providers, and minimum requirements for those contracts if the commissioner deems requirements to be necessary to ensure that each network will be able to control expenditures and revenues or to protect enrollees and potential enrollees;

(18) provisions regarding liability for medical malpractice;

(19) provisions regarding permissible and impermissible underwriting criteria applicable to the standard set of benefits;

(20) a method or methods to facilitate and encourage appropriate provision of services by midlevel practitioners and pharmacists;

(21) a method or methods to assure that all integrated service networks are subject to the same regulatory requirements. All health carriers, including health maintenance organizations, insurers, and nonprofit health service plan corporations shall be regulated under the same rules, to the extent that the health carrier is operating an integrated service network or is a participating entity in an integrated service network;

(22) provisions for appropriate risk adjusters or other methods to prevent or compensate for adverse selection of enrollees into or out of an integrated service network; and

(23) rules prescribing standard measures and methods by which integrated service networks shall determine and disclose their prices, copayments, deductibles, out-of-pocket limits, enrollee satisfaction levels, and anticipated loss ratios.

Subd. 3. [CRITERIA FOR RULEMAKING.] *(a)* [APPLICABILITY.] *The commissioner shall adopt rules governing integrated service networks based on the criteria and objectives specified in this subdivision.*

(b) [COMPETITION.] *The rules must encourage and facilitate competition through the collection and distribution of reliable information on the cost, prices, and quality of each integrated service network in a manner that allows comparisons between networks.*

(c) [FLEXIBILITY.] *The rules must allow significant flexibility in the structure and organization of integrated service networks. The rules must allow and facilitate the formation of networks by providers, employers, and other organizations, in addition to health carriers.*

(d) [EXPANDING ACCESS AND COVERAGE.] *The rules must be designed to expand access to health care services and coverage for all Minnesotans, including individuals and groups who have preexisting health conditions, who represent a higher risk of requiring treatment, who require translation or other special services to facilitate treatment, who face social or cultural barriers to obtaining health care, or who for other reasons face barriers to access to health care and coverage. Enrollment standards must ensure that high risk and special needs populations will be included and growth limits and payment systems must be designed to provide incentives for networks to enroll even the most challenging and costly groups and populations. The rules must be consistent with the principles of health insurance reform that are reflected in Laws 1992, chapter 549.*

(e) [ABILITY TO BEAR FINANCIAL RISK.] *The rules must allow a variety of options for integrated service networks to demonstrate their ability to bear the financial risk of serving their enrollees, to facilitate diversity and innovation and the entry into the market of new networks. The rules must allow the phasing in of reserve requirements and other requirements relating to financial solvency.*

(f) [PARTICIPATION OF PROVIDERS.] *The rules must not require providers to participate in an integrated service network and must allow providers to participate in more than one network and to serve both patients who are covered by an integrated service network and patients who are not. The rules must allow significant flexibility for an integrated service network and providers to define and negotiate the terms and conditions of provider participation. The rules must encourage and facilitate the participation of midlevel practitioners, allied health care practitioners, and pharmacists, and eliminate inappropriate barriers to their participation. The rules must encourage and facilitate the participation of disproportionate share providers in integrated service networks and eliminate inappropriate barriers to this participation.*

(g) [RURAL COMMUNITIES.] *The rules must permit a variety of forms of integrated service networks to be developed in rural areas in response to the needs, preferences, and conditions of rural communities, utilizing to the greatest extent possible current existing health care providers and hospitals.*

(h) [LIMITS ON GROWTH.] *The rules must include provisions to enable the commissioner to enforce the limits on growth in health care total revenues for each integrated service network and for the entire system of integrated service networks.*

(i) [STANDARD BENEFIT SET.] *The commission shall make recommendations to the commissioner regarding a standard benefit set.*

(j) [CONFLICT OF INTEREST.] *The rules shall include provisions the commissioner deems necessary and appropriate to address integrated service networks' and participating providers' relationship to section 62J.23 or other laws relating to provider conflicts of interest.*

Sec. 7. [62N.06] [AUTHORIZED ENTITIES.]

Subdivision 1. [AUTHORIZED ENTITIES.] *(a) An integrated service network may be organized as a separate nonprofit corporation under chapter 317A or as a cooperative under chapter 308A.*

(b) A nonprofit health carrier, as defined in section 62A.011, may establish and operate one or more integrated service networks without forming a separate corporation or cooperative, but only if all of the following conditions are met:

(i) a contract between the health carrier and a health care provider, for a term of less than seven years, that was executed before June 1, 1993, does not bind the health carrier or provider as applied to integrated service network services, except with the mutual consent of the health carrier and provider entered into on or after June 1, 1993. This clause does not apply to contracts between a health carrier and its salaried employees;

(ii) the health carrier shall not apply toward the net worth, working capital, or deposit requirements of this chapter any assets used to satisfy net worth, working capital, deposit, or other financial requirements under any other chapter of Minnesota law;

(iii) the health carrier shall not include in its premiums for health coverage provided under any other chapter of Minnesota law, an assessment or surcharge relating to net worth, working capital, or deposit requirements imposed upon the integrated service network under this chapter; and

(iv) the health carrier shall not include in its premiums for integrated service network coverage under this chapter an assessment or surcharge relating to net worth working capital or deposit requirements imposed upon health coverage offered under any other chapter of Minnesota law.

Subd. 2. [SEPARATE ACCOUNTING REQUIRED.] *Any entity operating one or more integrated service networks shall maintain separate accounting and record keeping procedures, acceptable to the commissioner, for each integrated service network.*

Subd. 3. [GOVERNMENTAL SUBDIVISION.] *A political subdivision may establish and operate an integrated service network directly, without forming a separate entity. Unless otherwise specified, a network authorized under this subdivision must comply with all other provisions governing networks.*

Sec. 8. [62N.065] [ADMINISTRATIVE COST CONTAINMENT.]

Subdivision 1. [UNREASONABLE EXPENSES.] *No integrated service network shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner shall implement and enforce this section by rules adopted under this section.*

In an effort to achieve the stated purposes of sections 62N.01 to 62N.22; in order to safeguard the underlying nonprofit status of integrated service networks; and to ensure that payment of integrated service network money to any person or organization results in a corresponding benefit to the integrated service network and its enrollees; when determining whether an integrated service network has incurred an unreasonable expense in relation to payments made to a person or organization, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the integrated service network have acted with good faith and in the best interests of the integrated service network in entering into, and performing under, a contract under which the integrated service network has incurred an expense. In addition to the compliance powers under subdivision 3, the commissioner has standing to sue, on behalf of an integrated service network, officers or trustees of the integrated service network who have breached their fiduciary duty in entering into and performing such contracts.

Subd. 2. [DATA ON CONTRACTS.] *Integrated service networks shall keep on file in the offices of the integrated service network copies of all contracts regulated under subdivision 1, and data on the payments, salaries, and other remuneration paid to for-profit firms, affiliates, or to persons for administrative expenses, service contracts, and management of the integrated service network, and shall make these records available to the commissioner upon request.*

Subd. 3. [COMPLIANCE AUTHORITY.] *The commissioner may review any contract, arrangement, or agreement to determine whether it complies with the provisions contained in subdivision 1. The commissioner may suspend any provision that does not comply with subdivision 1 and may require the integrated service network to replace those provisions with provisions that do comply.*

Sec. 9. [62N.07] [PURPOSE.]

The legislature finds that previous cost containment efforts have focused on reducing benefits and services, eliminating access to certain provider groups, and otherwise reducing the level of care available. Under a system of overall spending controls, these cost containment approaches will, in the absence of controls on cost shifting, shift costs from the payer to the consumer, to government programs, and to providers in the form of uncompensated care. The legislature further finds that the integrated service network benefit package should be designed to promote coordinated, cost-effective delivery of all health services an enrollee needs without cost shifting. The legislature further finds that affordability of health coverage is a high priority and that lower cost coverage options should be made available through the use of copayments, coinsurance, and deductibles to reduce premium costs rather than through the exclusion of services or providers.

Sec. 10. [62N.075] [COVERED SERVICES.]

(a) An integrated service network must provide to each person enrolled a set of appropriate and necessary health services. For purposes of this chapter, "appropriate and necessary" means services needed to maintain the enrollee in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient health services, preventive health services. The commissioner may modify this definition to reflect changes in community standards, development of practice parameters, new technology assessments, and other medical innovations. These services must be delivered by authorized practitioners acting within their scope of practice. An integrated service network is not responsible for health services that are not appropriate and necessary.

(b) A network may define benefit levels through the use of consumer cost sharing but remains financially accountable for the cost of the set of required health services.

(c) A network may offer any Medicare supplement, Medicare select, or other Medicare-related product otherwise permitted for any type of health carrier in this state. Each Medicare-related product may be offered only in full compliance with the requirements in chapters 62A, 62D, and 62E that apply to that category of product.

(d) Networks must comply with all continuation and conversion of coverage requirements applicable to health maintenance organizations under state or federal law.

(e) Networks must comply with sections 62A.047, 62A.27, and any other coverage of newborn infants, dependent children who do not reside with a covered person, handicapped children and dependents, and adopted children. A network providing dependent coverage must comply with section 62A.302.

(f) Networks must comply with the equal access requirements of section 62A.15, subdivision 2.

Sec. 11. [62N.08] [AVAILABILITY OF SERVICES.]

(a) An integrated service network is financially responsible to provide to each person enrolled all appropriate and necessary health services required by statute, by the contract of coverage, or otherwise required under sections 62N.075 to 62N.085.

(b) The commissioner shall require that networks provide all appropriate and necessary health services within a reasonable geographic distance for enrollees. The commissioner may adopt rules providing a more detailed requirement, consistent with this paragraph.

Sec. 12. [62N.085] [ESTABLISHMENT OF STANDARDIZED BENEFIT PLANS.]

(a) The commissioner of health shall adopt permanent rules and may adopt emergency rules to establish not more than five standardized benefit plans which must be offered by integrated service networks. The plans must comply with the requirements of sections 62N.07 to 62N.08 and the other requirements of this chapter. The plans must vary only on the basis of enrollee cost sharing and encompass a range of cost sharing options from (1) lower premium costs combined with higher enrollee cost sharing, to (2) higher premium costs combined with lower enrollee cost sharing.

(b) The purposes of this section, "consumer cost sharing" or "cost sharing" means copayments, deductibles, coinsurance, and other out-of-pocket expenses paid by the individual consumer of health care services.

(c) The commissioner shall consider whether the following principles should apply to cost sharing in an integrated service network:

(1) consumers must have a wide choice of cost sharing arrangement;

(2) consumer cost sharing must be administratively feasible and consistent with efforts to reduce the overall administrative burden of the health care system;

(3) cost sharing must be based on income and an enrollee's ability to pay for services and should not create a barrier to access to appropriate and effective services;

(4) cost sharing must be capped at a predetermined annual limit to protect individuals and families from financial catastrophe and to protect individuals with substantial health care needs;

(5) child health supervision services, immunizations, prenatal care, and other prevention services must not be subjected to cost sharing;

(6) additional requirements for networks should be established to assist enrollees for whom an inducement in addition to the elimination of cost sharing is necessary in order to encourage them to use cost-effective preventive services. These requirements may include the provision of educational information, assistance or guidance, and opportunities for responsible decision making by enrollees that minimize potential out-of-pocket costs;

(7) cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services; and

(8) cost-sharing requirements and benefit or service limitations for inpatient hospital mental health and inpatient hospital and residential chemical dependency services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not

place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

Sec. 13. [62N.10] [LICENSING.]

Subdivision 1. [REQUIREMENTS.] *All integrated service networks must be licensed by the commissioner. Licensure requirements are:*

(1) the ability to be responsible for the full continuum of required health care and related costs for the defined population that the integrated service network will serve;

(2) the ability to satisfy standards for quality of care;

(3) financial solvency; and

(4) the ability to fully comply with this chapter and all other applicable law.

The commissioner may adopt rules to specify licensure requirements for integrated service networks in greater detail, consistent with this subdivision.

Subd. 2. [FEES.] *Licensees shall pay an initial fee and a renewal fee each following year to be established by the commissioner of health.*

Subd. 3. [LOSS OF LICENSE.] *The commissioner may fine a licensee or suspend or revoke a license for violations of rules or statutes pertaining to integrated service networks.*

Subd. 4. [PARTICIPATION; GOVERNMENT PROGRAMS.] *Integrated service networks shall, as a condition of licensure, participate in the medical assistance, general assistance medical care, and MinnesotaCare programs. The commissioner shall adopt rules specifying the participation required of the networks. The rules must be consistent with Minnesota Rules, parts 9505.5200 to 9505.5260, governing participation by health maintenance organizations in public health care programs.*

Subd. 5. [APPLICATION.] *Each application for an integrated service network license must be in a form prescribed by the commissioner.*

Subd. 6. [DOCUMENTS ON FILE.] *A network shall agree to retain in its files any documents specified by the commissioner. A network shall permit the commissioner to examine those documents at any time and shall promptly provide copies of any of them to the commissioner upon request.*

Sec. 14. [62N.11] [EVIDENCE OF COVERAGE.]

Subdivision 1. [APPLICABILITY.] *Every integrated service network enrollee residing in this state is entitled to evidence of coverage or contract. The integrated service network or its designated representative shall issue the evidence of coverage or contract. The commissioner shall adopt rules specifying the requirements for contracts and evidence of coverage. "Evidence of coverage" means evidence that an enrollee is covered by a group contract issued to the group.*

Subd. 2. [FILING.] *No evidence of coverage or contract or amendment of coverage or contract shall be issued or delivered to any individual in this state until a copy of the form of the evidence of coverage or contract or amendment of coverage or contract has been filed with and approved by the commissioner.*

Sec. 15. [62N.12] [ENROLLEE RIGHTS.]

The cover page of the evidence of coverage and contract must contain a clear and complete statement of an enrollee's rights as a consumer. The commissioner shall adopt rules specifying enrollee rights and required disclosures to enrollees.

Sec. 16. [62N.13] [ENROLLEE COMPLAINT SYSTEM.]

Every integrated service network must establish and maintain an enrollee complaint system, including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. The commissioner shall adopt rules specifying requirements relating to enrollee complaints.

Sec. 17. [62N.16] [UNDERWRITING AND RATING.]

Subdivision 1. [APPLICABILITY.] *Except as provided in subdivision 3, this section applies to the standard benefit plans under section 62N.085 and does not apply to additional benefits. This section does not require coverage by an integrated service network of any group or individual residing outside of the network's service area. A network's service area is a geographic service region agreed to by the commissioner and the network at the time of licensure. This section does not apply to any group that the commissioner determines is organized or functions primarily to provide coverage to one or more high risk individuals. The commissioner may adopt rules specifying other types of groups to which this section does not apply.*

Subd. 2. [GROUP MEMBERS.] *Integrated service networks shall charge the same rate for each individual in a group, except as appropriate to provide dependent or family coverage. Rates for managed care plans as described in section 256.9363 shall be determined through contract between the department of human services and the integrated service network.*

Subd. 3. [SMALL EMPLOYERS.] *To provide services to employees of a small employer as defined in section 62L.02, integrated service networks shall comply with chapter 62L.*

Sec. 18. [62N.22] [DISCLOSURE OF COMMISSIONS.]

Before selling, or offering to sell, any coverage or enrollment in an integrated service network, a person selling the coverage or enrollment shall disclose to the prospective purchaser the amount of any commission or other compensation the person will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.

Sec. 19. [62N.23] [TECHNICAL ASSISTANCE; LOANS.]

(a) The commissioner shall provide technical assistance to parties interested in establishing or operating an integrated service network. This shall be known as the integrated service network technical assistance program (ISNTAP).

The technical assistance program shall offer seminars on the establishment and operation of integrated service networks in all regions of Minnesota. The commissioner shall advertise these seminars in local and regional newspapers, and attendance at these seminars shall be free.

The commissioner shall write a guide to establishing and operating an integrated service network. The guide must provide basic instructions for

parties wishing to establish an integrated service network. The guide must be provided free of charge to interested parties. The commissioner shall update this guide when appropriate.

The commissioner shall establish a toll-free telephone line that interested parties may call to obtain assistance in establishing or operating an integrated service network.

(b) The commissioner, in consultation with the commission, shall provide recommendations for the creation of a loan program that would provide loans or grants to entities forming integrated service networks or to networks less than one year old. The commissioner shall propose criteria for the loan program.

Sec. 20. [62N.24] [REVIEW OF RULES.]

The commissioner of health shall mail copies of all proposed emergency and permanent rules that are being promulgated under this chapter to each member of the legislative commission on health care access prior to final adoption by the commissioner.

Sec. 21. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION; *INTEGRATED SERVICE NETWORK* SURCHARGE.] Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D *and each integrated service network licensed by the commissioner under sections 62N.01 to 62N.22* shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization *or integrated service network* as reported to the commissioner of health according to the schedule in subdivision 4.

Sec. 22. [BORDER COMMUNITIES.]

The commissioner of health shall monitor the effects of integrated service networks and the regulated all-payer system in communities in which a substantial proportion of health care services provided to Minnesota residents are provided in states bordering Minnesota and may amend the rules adopted under this article or article 2 to minimize effects that inhibit Minnesota residents' ability to obtain access to quality health care. The commissioner shall report to the Minnesota health care commission and the legislature any effects that the commissioner intends to address by amendments to the rules adopted under this article or article 2.

Sec. 23. [STUDY OF REQUIREMENTS FOR HEALTH CARRIERS FORMING INTEGRATED SERVICE NETWORKS.]

The Minnesota health care commission shall study the desirability and appropriateness of the provisions in Minnesota Statutes, section 62N.06, subdivision 1, which prohibit health carriers from establishing and operating integrated service networks other than through a separate entity except under specified conditions. The commission shall report its findings, conclusions, and recommendations to the commissioner and the legislative commission on health care access by November 1, 1993. If, in the development of rules and proposed legislation, the commissioner intends to depart from the commis-

sion's recommendations on this issue, the notification procedures in Minnesota Statutes, section 62J.04, subdivision 4, apply.

Sec. 24. [EFFECTIVE DATE.]

Sections 1 to 23 are effective the day following final enactment, but no integrated service network may provide health care services prior to July 1, 1994.

ARTICLE 2

REGULATED ALL-PAYER SYSTEM

Section 1. Minnesota Statutes 1992, section 62D.042, subdivision 2, is amended to read:

Subd. 2. [BEGINNING ORGANIZATIONS.] (a) Beginning organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses expected to be incurred in the 12 months following the date the certificate of authority is granted, or $1,500,000, whichever is greater.

(b) After the first full calendar year of operation, organizations shall maintain net worth of at least 8-1/3 percent *and at most 16-2/3 percent* of the sum of all expenses incurred during the most recent calendar year, ~~or $1,000,000, whichever is greater~~ *but in no case shall net worth fall below $1,000,000.*

Sec. 2. [62P.01] [REGULATED ALL-PAYER SYSTEM.]

The regulated all-payer system established under this chapter governs all health care services that are provided outside of an integrated service network. The regulated all-payer system is designed to control costs, prices, and utilization of all health care services not provided through an integrated service network while maintaining or improving the quality of services. The commissioner of health shall adopt rules establishing controls within the system to ensure that the rate of growth in spending in the system, after adjustments for population size and risk, remains within the limits set by the commissioner under section 62J.04. All providers that serve Minnesota residents and all health carriers that cover Minnesota residents shall comply with the requirements and rules established under this chapter for all health care services or coverage provided to Minnesota residents.

Sec. 3. [62P.03] [IMPLEMENTATION.]

(a) By January 1, 1994, the commissioner of health, in consultation with the Minnesota health care commission, shall report to the legislature recommendations for the design and implementation of the all-payer system. The commissioner may use a consultant or other technical assistance to develop a design for the all-payer system. The commissioner's recommendations shall include the following:

(1) methods for controlling payments to providers such as uniform fee schedules or rate limits to be applied to all health plans and health care providers with independent billing rights;

(2) methods for controlling utilization of services such as the application of standardized utilization review criteria, incentives based on setting and achieving volume targets, recovery of excess spending due to overutilization, or required use of practice parameters;

(3) methods for monitoring quality of care and mechanisms to enforce the quality of care standards;

(4) requirements for maintaining and reporting data on costs, prices, revenues, expenditures, utilization, quality of services, and outcomes;

(5) measures to prevent or discourage adverse risk selection between the regulated all-payer system and integrated service networks;

(6) measures to coordinate the regulated all-payer system with integrated service networks to minimize or eliminate barriers to access to health care services that might otherwise result;

(7) an appeals process;

(8) measures to encourage and facilitate appropriate use of midlevel practitioners and eliminate undesirable barriers to their participation in providing services;

(9) measures to assure appropriate use of technology and to manage introduction of new technology;

(10) consequences to be imposed on providers whose expenditures have exceeded the limits established by the commissioner; and

(11) restrictions on provider conflicts of interest.

(b) On July 1, 1994, the regulated all-payer system shall begin to be phased in with full implementation by July 1, 1996. During the transition period, expenditure limits for health carriers shall be established in accordance with section 4 and health care provider revenue limits shall be established in accordance with section 5.

Sec. 4. [62P.04] [EXPENDITURE LIMITS FOR HEALTH CARRIERS.]

Subdivision 1. [DEFINITIONS.] *(a) For purposes of this section, the following definitions apply.*

(b) "Health carrier" has the definition provided in section 62A.011.

(c) "Total expenditures" mean incurred claims or expenditures on health care services, administrative expenses, charitable contributions, and all other payments made by health carriers out of premium revenues, except taxes and assessments, and payments or allocations made to establish or maintain reserves. Total expenditures are equivalent to the amount of total revenues minus taxes and assessments. Taxes and assessments means payments for taxes, contributions to the Minnesota comprehensive health association, the provider's surcharge under section 256.9657, the MinnesotaCare provider tax under section 295.52, assessments by the health coverage reinsurance association, assessments by the Minnesota life and health insurance guaranty association, and any new assessments imposed by federal or state law.

Subd. 2. [ESTABLISHMENT.] *The commissioner of health shall establish limits on the increase in total expenditures by each health carrier for calendar years 1994 and 1995. The limits must be the same as the annual rate of growth in health care spending established under section 62J.04, subdivision 1, paragraph (b). Health carriers that are affiliates may elect to meet one combined expenditure limit.*

Subd. 3. [DETERMINATION OF EXPENDITURES.] *Health carriers shall submit to the commissioner of health, by April 1, 1994, for calendar year 1993, and by April 1, 1995, for calendar year 1994, all information the commissioner determines to be necessary to implement and enforce this section. The information must be submitted in the form specified by the commissioner. The information must include, but is not limited to, expenditures per member per month or cost per employee per month, and detailed information on revenues and reserves. The commissioner, to the extent possible, shall coordinate the submittal of the information required under this section with the submittal of the financial data required under chapter 62J, to minimize the administrative burden on health carriers. The commissioner may adjust final expenditure figures for demographic changes, risk selection, changes in basic benefits, and legislative initiatives that materially change health care costs, as long as these adjustments are consistent with the methodology submitted by the health carrier to the commissioner, and approved by the commissioner as actuarially justified. The methodology to be used for adjustments and the election to meet one expenditure limit for affiliated health carriers must be submitted to the commissioner by September, 1, 1993.*

Subd. 4. [MONITORING OF RESERVES.] *(a) The commissioner of health shall monitor health carrier reserves and net worth as established under chapters 60A, 62C, 62D, 62H, and 64B, to ensure that savings resulting from the establishment of expenditure limits are passed on to consumers in the form of lower premium rates.*

(b) Health carriers shall fully reflect in the premium rates the savings generated by the expenditure limits and the health care provider revenue limits. No premium rate increase may be approved for those health carriers unless the health carrier establishes to the satisfaction of the commissioner of commerce or the commissioner of health, as appropriate, that the proposed new rate would comply with this paragraph.

Subd. 5. [NOTICE.] *The commissioner of health shall publish in the State Register and make available to the public by July 1, 1995, a list of all health carriers that exceeded their expenditure target for the 1994 calendar year. The commissioner shall publish in the State Register and make available to the public by July 1, 1996, a list of all health carriers that exceeded their combined expenditure limit for calendar years 1994 and 1995. The commissioner shall notify each health carrier that the commissioner has determined that the carrier exceeded its expenditure limit, at least 30 days before publishing the list, and shall provide each carrier with ten days to provide an explanation for exceeding the expenditure target. The commissioner shall review the explanation and may change a determination if the commissioner determines the explanation to be valid.*

Subd. 6. [ASSISTANCE BY THE COMMISSIONER OF COMMERCE.] *The commissioner of commerce shall provide assistance to the commissioner of health in monitoring health carriers regulated by the commissioner of commerce. The commissioner of commerce, in consultation with the commissioner of health, shall enforce compliance by those health carriers.*

Subd. 7. [ENFORCEMENT.] *The commissioners of health and commerce shall enforce the reserve limits referenced in subdivision 4, with respect to the health carriers that each commissioner respectively regulates. Each commissioner shall require health carriers under the commissioner's jurisdiction to*

submit plans of corrective action when the reserve requirement is not met. Each commissioner may adopt rules necessary to enforce this section. Carriers that exceed the expenditure limits based on two-year average expenditure data or whose reserves exceed the limits referenced in subdivision 4 shall be required by the appropriate commissioner to pay back the amount overspent through an assessment on the carrier. The appropriate commissioner may approve a different repayment method to take into account the carrier's financial condition.

Sec. 5. [62P.05] [HEALTH CARE PROVIDER REVENUE LIMITS.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "health care provider" has the definition given in section 62J.03, subdivision 8.*

Subd. 2. [ESTABLISHMENT.] *The commissioner of health shall establish limits on the increase in revenue for each health care provider, for calendar years 1994 and 1995. The limits must be the same as the annual rate of growth in health care spending established under section 62J.04, subdivision 1, paragraph (b). The commissioner may adjust final revenue figures for case mix complexity, inpatient to outpatient conversion, payer mix, out-of-period settlements, taxes, donations, grants, and legislative initiatives that materially change health care costs, as long as these adjustments are consistent with the methodology submitted by the health care provider to the commissioner, and approved by the commissioner as actuarially justified. The methodology to be used for adjustments must be submitted to the commissioner by September 1, 1993. A health care provider's revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62P.04, subdivision 2, that the health care provider pays.*

Subd. 3. [MONITORING OF REVENUE.] *The commissioner of health shall monitor health care provider revenue, to ensure that savings resulting from the establishment of revenue limits are passed on to consumers in the form of lower charges. The commissioner shall monitor hospital revenue by examining net patient revenue per adjusted admission. The commissioner shall monitor the revenue of physicians and other health care providers by examining revenue per patient per year or revenue per encounter. If this information is not available, the commissioner may enforce an annual limit on the rate of growth of the provider's current fees based on the limits on the rate of growth established for calendar years 1994 and 1995.*

Subd. 4. [MONITORING AND ENFORCEMENT.] *Health care providers shall submit to the commissioner of health, in the form and at the times required by the commissioner, all information the commissioner determines to be necessary to implement and enforce this section. Health care providers shall submit to audits conducted by the commissioner. The commissioner shall regularly audit all health clinics employing or contracting with over 100 physicians. The commissioner shall also audit, at times and in a manner that does not interfere with delivery of patient care, a sample of smaller clinics, hospitals, and other health care providers. Providers that exceed revenue limits based on two-year average revenue data shall be required by the commissioner to pay back the amount overspent during the following calendar year. The commissioner may approve a different repayment schedule for a health care provider that takes into account the provider's financial condition. For those providers subject to fee limits established by the commissioner, the commissioner may adjust the percentage increase in the fee schedule to*

account for changes in utilization. The commissioner may adopt rules in order to enforce this section.

Sec. 6. [APPLICABILITY OF OTHER LAWS.]

Except as expressly provided in rules adopted under this chapter, to the extent that a provider provides services in the regulated all-payer system, the provider is subject to all other statutes and rules that apply to providers of that type on the effective date of this section, including, as applicable, Minnesota Statutes, sections 62J.17 and 62J.23.

Sec. 7. [STUDY OF THE TRANSITION TO AN ALL-PAYER SYSTEM.]

The Minnesota health care commission shall study issues related to the transition to an all-payer system and shall report to the legislature and the governor by February 1, 1994. The report must include, but is not limited to, recommendations to minimize any financial and administrative burden of an all-payer system on providers in areas of the state without integrated service networks, increase the availability of integrated service networks in rural areas of the state, encourage the development of provider-managed integrated service networks, and ensure continued access to necessary health care services in all areas of the state.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment.

ARTICLE 3

DATA COLLECTION AND COST CONTROL INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 6, is amended to read:

Subd. 6. [GROUP PURCHASER.] "Group purchaser" means a person or organization that purchases health care services on behalf of an identified group of persons, regardless of whether the cost of coverage or services is paid for by the purchaser or by the persons receiving coverage or services, as further defined in rules adopted by the commissioner. "Group purchaser" includes, but is not limited to, *integrated service networks;* health insurance companies, health maintenance organizations, *nonprofit health service plan corporations,* and other health plan companies; employee health plans offered by self-insured employers; *trusts established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq.; the Minnesota comprehensive health association;* group health coverage offered by fraternal organizations, professional associations, or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 1, is amended to read:

Subdivision 1. [~~COMPREHENSIVE BUDGET~~ *LIMITS ON THE RATE OF GROWTH.*] *(a)* The commissioner of health shall set ~~an~~ annual ~~limit~~ *limits* on the rate of growth of public and private spending on health care services for Minnesota residents, *as provided in paragraph (b).* The ~~limit~~ *limits* on growth

must be set at ~~a level~~ *levels the commissioner determines to be realistic and achievable but* that will ~~slow~~ *reduce* the ~~current~~ rate of growth *in health care spending* by at least ten percent per year ~~using the spending growth rate for 1991 as a base year. This limit must be achievable through good faith, cooperative efforts of health care consumers, purchasers, and providers~~ *for the next five years. The commissioner shall set limits on growth based on available data on spending and growth trends, including data from group purchasers, national data on public and private sector health care spending and cost trends, and trend information from other states.*

(b) The commissioner shall set the following annual limits on the rate of growth of public and private spending on health care services for Minnesota residents:

(1) for calendar year 1994, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1993 plus 6.5 percentage points;

(2) for calendar year 1995, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1994 plus 5.3 percentage points;

(3) for calendar year 1996, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1995 plus 4.3 percentage points;

(4) for calendar year 1997, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1996 plus 3.4 percentage points; and

(5) for calendar year 1998, the rate of growth must not exceed the change in the regional consumer price index for urban consumers for calendar year 1997 plus 2.6 percentage points.

If the health care financing administration forecast for the total growth in national health expenditures for a calendar year is lower than the rate of growth for the calendar year as specified in clauses (1) to (5), the commissioner shall adopt this forecast as the growth limit for that calendar year. The commissioner shall adjust the growth limit set for calendar year 1995 to recover savings in health care spending required for the period July 1, 1993 to December 31, 1993. The commissioner shall publish:

(1) the projected limits in the State Register by April 15 of the year immediately preceding the year in which the limit will be effective except for the year 1993, in which the limit shall be published by July 1, 1993;

(2) the quarterly change in the regional consumer price index for urban consumers; and

(3) the health care financing administration forecast for total growth in the national health care expenditures. In setting an annual limit, the commissioner is exempt from the rulemaking requirements of chapter 14. The commissioner's decision on an annual limit is not appealable.

Sec. 3. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTED GROWTH LIMITS AND ENFORCEMENT.] *(a) The commissioner shall publish the final adjusted growth limit in the State*

Register by January 15 of the year that the expenditure limit is to be in effect. The adjusted limit must reflect the actual regional Consumer Price Index for urban consumers for the previous calendar year, and may deviate from the previously published projected growth limits to reflect differences between the actual regional Consumer Price Index for urban consumers and the projected Consumer Price Index for urban consumers. The commissioner shall report to the legislature by January 15 of each year on the projected increase in health care expenditures, the implementation of growth limits, and the reduction in the trend in the growth based on the limits imposed.

(b) The commissioner shall enforce limits on growth in spending and revenues for integrated service networks and for the regulated all-payer system. If the commissioner determines that artificial inflation or padding of costs or prices has occurred in anticipation of the implementation of growth limits, the commissioner may adjust the base year spending totals or growth limits or take other action to reverse the effect of the artificial inflation or padding.

(c) The commissioner shall impose and enforce overall limits on growth in revenues and spending for integrated service networks, with adjustments for changes in enrollment, benefits, severity, and risks. If an integrated service network exceeds a spending limit, the commissioner may reduce future limits on growth in aggregate premium revenues for that integrated service network by up to the amount overspent. If the integrated service network system exceeds a systemwide spending limit, the commissioner may reduce future limits on growth in premium revenues for the integrated service network system by up to the amount overspent.

(d) The commissioner shall set prices, utilization controls, and other requirements for the regulated all-payer system to ensure that the overall costs of this system, after adjusting for changes in population, severity, and risk, do not exceed the growth limits. If spending growth limits for a calendar year are exceeded, the commissioner may reduce reimbursement rates or otherwise recoup overspending for all or part of the next calendar year, to recover in savings up to the amount of money overspent. To the extent possible, the commissioner may reduce reimbursement rates or otherwise recoup overspending from individual providers who exceed the spending growth limits.

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 2, is amended to read:

Subd. 2. [DATA COLLECTION *BY COMMISSIONER.*] For purposes of ~~setting~~ *forecasting rates of growth in health care spending and setting* limits under ~~this section~~ *subdivisions 1 and 1a*, the commissioner ~~shall~~ *may* collect from ~~all~~ Minnesota health care providers data on patient revenues *and health care spending* received during a time period specified by the commissioner. The commissioner ~~shall~~ *may* also collect data on health care *revenues and* spending from ~~all~~ group purchasers of health care. ~~All~~ Health care providers and group purchasers doing business in the state shall provide the data requested by the commissioner at the times and in the form specified by the commissioner. Professional licensing boards and state agencies responsible for licensing, registering, or regulating providers shall cooperate fully with the commissioner in achieving compliance with the reporting requirements.

Subd. 2a. [FAILURE TO PROVIDE DATA.] *The* intentional failure to provide ~~reports~~ *the data* requested under this ~~section~~ *chapter* is grounds for revocation of a license or other disciplinary or regulatory action against a

regulated provider. The commissioner may assess a fine against a provider who refuses to provide ~~information~~ *data* required by the commissioner ~~under this section~~. If a provider refuses to provide ~~a report or information~~ *the data* required ~~under this section~~, the commissioner may obtain a court order requiring the provider to produce documents and allowing the commissioner to inspect the records of the provider for purposes of obtaining the ~~information~~ *data* required ~~under this section~~.

Subd. 2b. [DATA PRIVACY.] All data received *under this section or under section 62J.37, 62J.38, 62J.41, or 62J.42* is *private or* nonpublic, ~~trade secret information under section 13.37~~ *as applicable*. The commissioner shall establish procedures and safeguards to ensure that data ~~provided to the Minnesota health care commission~~ *released by the commissioner* is in a form that does not identify ~~individual~~ *specific* patients, providers, employers, purchasers, or other *specific* individuals and organizations, except with the permission of the affected individual or organization, *or as permitted elsewhere in this chapter*.

Sec. 5. [62J.045] [MEDICAL EDUCATION AND RESEARCH COSTS.]

Subdivision 1. [PURPOSE.] *The legislature finds that all health care stakeholders, as well as society at large, benefit from medical education and health care research. The legislature further finds that the cost of medical education and research should not be borne by a few hospitals or medical centers but should be fairly allocated across the health care system.*

Subd. 2. [DEFINITION.] *For purposes of this section, "health care research" means research that is not subsidized from private grants, donations, or other outside research sources but is funded by patient out-of-pocket expenses or a third party payer and has been approved by an institutional review board certified by the United States Department of Health and Human Services.*

Subd. 3. [COST ALLOCATION FOR EDUCATION AND RESEARCH.] *By January 1, 1994, the commissioner of health, in consultation with the health care commission and the health technology advisory committee, shall:*

(1) develop mechanisms to gather data and to identify the annual cost of medical education and research conducted by hospitals, medical centers, or health maintenance organizations;

(2) determine a percentage of the annual rate of growth established under section 62J.04 to be allocated for the cost of education and research and develop a method to assess the percentage from each group purchaser;

(3) develop mechanisms to collect the assessment from group purchasers to be deposited in a separate education and research fund; and

(4) develop a method to allocate the education and research fund to specific health care providers.

Sec. 6. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subdivision 1a. [DUTIES RELATED TO COST CONTAINMENT.] *(a)* [ALLOCATION OF REGIONAL SPENDING LIMITS.] *Regional coordinating boards may advise the commissioner regarding allocation of annual regional limits on the rate of growth for providers in the regulated all-payer system in order to:*

(1) achieve communitywide and regional public health goals consistent with those established by the commissioner; and

(2) promote access to and equitable reimbursement of preventive and primary care providers.

(b) [TECHNICAL ASSISTANCE.] *Regional coordinating boards, in cooperation with the commissioner, shall provide technical assistance to parties interested in establishing or operating an integrated service network within the region. This assistance must complement assistance provided by the commissioner under section 62N.23.*

Sec. 7. Minnesota Statutes 1992, section 62J.33, is amended to read:

62J.33 [~~TECHNICAL ASSISTANCE~~ *INFORMATION ON COST AND QUALITY* FOR PURCHASERS.]

Subdivision 1. [HEALTH CARE ANALYSIS UNIT.] The health care analysis unit shall provide ~~technical assistance~~ *information* to ~~health plan and health care~~ *assist group* purchasers *and consumers in making informed decisions regarding purchasing of health care services. The unit shall provide information allowing comparisons between integrated service networks and between health care services and systems.* The unit shall collect information about:

(1) premiums, benefit levels, *patient or enrollee satisfaction,* managed care procedures, health care outcomes, and other features of ~~popular~~ *integrated service networks,* health plans, and health carriers; ~~and~~

(2) prices, outcomes, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses*; and*

(3) information on health care services not provided through integrated service networks, including information on prices, costs, expenditures, utilization, quality of care, and outcomes.

The commissioner shall publicize this information in an easily understandable format.

Subd. 2. [INFORMATION CLEARINGHOUSE.] *The commissioner of health shall establish an information clearinghouse within the department of health to facilitate the ability of consumers, employers, providers, health carriers, and others to obtain information on health care costs and quality in Minnesota. The commissioner shall make available through the clearinghouse information developed or collected by the department of health on practice parameters, outcomes data and research, the costs and quality of integrated service networks, reports or recommendations of the health technology advisory committee and other entities on technology assessments, worksite wellness and prevention programs, other wellness programs, consumer education, and other initiatives. The clearinghouse shall, upon request, make available information submitted voluntarily by health plans, providers, employers, and others if the information clearly states that an entity other than the state submitted the information, identifies the entity, and states that distribution by the clearinghouse does not imply endorsement of the entity or the information by the commissioner of health or the state of Minnesota. The clearinghouse shall also refer requesters to sources of further information or assistance. The clearinghouse is subject to chapter 13.*

Sec. 8. [62J.35] [DATA COLLECTION.]

Subdivision 1. [CONTRACTING.] *The commissioner may contract with private organizations to carry out the data collection initiatives required by this chapter. The commissioner shall require in the contract that organizations under contract adhere to the data privacy requirements established under this chapter and chapter 13.*

Subd. 2. [EMERGENCY RULES.] *The commissioner shall adopt permanent rules and may adopt emergency rules to implement the data collection and reporting requirements in this chapter. The commissioner may combine all data reporting and collection requirements into a unified process so as to minimize duplication and administrative costs.*

Sec. 9. [62J.37] [DATA FROM INTEGRATED SERVICE NETWORKS.]

The commissioner shall require integrated service networks operating under section 62N.06, subdivision 1, to submit data on health care spending and revenue for calendar year 1994 by February 15, 1995. Each February 15 thereafter, integrated service networks shall submit to the commissioner data on health care spending and revenue for the preceding calendar year. The data must be provided in the form specified by the commissioner. To the extent that an integrated service network is operated by a group purchaser under section 62N.06, subdivision 2, the integrated service network is exempt from this section and the group purchaser must provide data on the integrated service network under section 62J.38.

Sec. 10. [62J.38] [DATA FROM GROUP PURCHASERS.]

(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for calendar years 1990, 1991, and 1992, and for calendar year 1993 and successive calendar years. Group purchasers shall submit data for the 1993 calendar year by February 15, 1994, and each April 1 thereafter shall submit data for the preceding calendar year.

(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources and must also include information on the amount of revenue in reserves and changes in reserves. Expenditure data, including raw data from claims, must be provided separately for the following categories: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency and out-of-area care, pharmacy services and prescription drugs, mental health services, chemical dependency services, other expenditures, and administrative costs.

(c) State agencies and all other group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.

Sec. 11. [62J.40] [DATA FROM STATE AGENCIES.]

In addition to providing the data required under section 62J.38, the commissioners of human services, commerce, labor and industry, and employee relations and all other state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated

form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.

Sec. 12. [62J.41] [DATA FROM PROVIDERS.]

Subdivision 1. [DATA TO BE COLLECTED FROM PROVIDERS.] *The commissioner shall require health care providers to collect and provide both patient specific information and descriptive and financial aggregate data on:*

(1) the total number of patients served;

(2) the total number of patients served by state of residence and Minnesota county;

(3) the site or sites where the health care provider provides services;

(4) the number of individuals employed, by type of employee, by the health care provider;

(5) the services and their costs for which no payment was received;

(6) total revenue by type of payer, including but not limited to, revenue from Medicare, medical assistance, MinnesotaCare, nonprofit health service plan corporations, commercial insurers, integrated service networks, health maintenance organizations, and individual patients;

(7) revenue from research activities;

(8) revenue from educational activities;

(9) revenue from out-of-pocket payments by patients;

(10) revenue from donations; and

(11) any other data required by the commissioner, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, monitoring actual spending, and monitoring costs and quality.

Subd. 2. [ANNUAL MONITORING AND ESTIMATES.] *The commissioner shall require health care providers to submit the required data for the period July 1, 1993 to December 31, 1993, by February 15, 1994. Health care providers shall submit data for the 1994 calendar year by February 15, 1995, and each February 15 thereafter shall submit data for the preceding calendar year. The commissioner of revenue may collect health care service revenue data from health care providers, if the commissioner of revenue and the commissioner agree that this is the most efficient method of collecting the data. The commissioner of revenue shall provide any data collected to the commissioner of health.*

Subd. 3. [PUBLIC HEALTH GOALS.] *The commissioner shall establish specific public health goals including, but not limited to, increased delivery of prenatal care, improved birth outcomes, and expanded childhood immunizations. The commissioner shall consider the community public health goals and the input of the statewide advisory committee on community health in establishing the statewide goals. The commissioner shall require health care providers and integrated service networks to maintain and periodically report information on changes in health outcomes related to specific public health*

goals. The information must be provided at the times and in the form specified by the commissioner.

Subd. 4. [REGIONAL PUBLIC HEALTH GOALS.] *The regional coordinating boards shall adopt regional public health goals, taking into consideration the relevant portions of the community health service plans, plans required by the Minnesota comprehensive adult mental health act and the Minnesota comprehensive children's mental health act, and community social service act plans developed by county boards or community health boards in the region under chapters 145A, 245, and 256E.*

Sec. 13. [62J.42] [QUALITY, UTILIZATION, AND OUTCOME DATA.]

The commissioner shall also require group purchasers and health care providers to maintain and periodically report information on quality of care, utilization, and outcomes. The information must be provided at the times and in the form specified by the commissioner.

Sec. 14. [62J.44] [PUBLICATION OF DATA.]

(a) Notwithstanding section 62J.04, subdivision 2b, the commissioner may publish data on health care costs and spending, quality and outcomes, and utilization for health care institutions, individual health care professionals and groups of health care professionals, group purchasers, and integrated service networks, with a description of the methodology used for analysis, in order to provide information to purchasers and consumers of health care. The commissioner shall not reveal the name of an institution, group of professionals, individual health care professional, group purchaser, or integrated service network until after the institution, group of professionals, individual health care professional, group purchaser, or integrated service network has had 15 days to review the data and comment. The commissioner shall include any comments received in the release of the data.

(b) Summary data derived from data collected under this chapter may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner or otherwise in accordance with chapter 13.

Sec. 15. [62J.45] [DATA INSTITUTE.]

Subdivision 1. [STATEMENT OF PURPOSE.] *It is the intention of the legislature to create a public-private mechanism for the collection of health care costs, quality, and outcome data, to the extent administratively efficient and effective. This integrated data system will provide clear, usable information on the cost, quality, and structure of health care services in Minnesota.*

The health reform initiatives being implemented rely heavily on the availability of valid, objective data that currently are collected in many forms within the health care industry. Data collection needs cannot be efficiently met by undertaking separate data collection efforts.

The data institute created in this section will be a partnership between the commissioner of health and a board of directors representing health carriers and other group purchasers, health care providers, and consumers. These entities will work together to establish a centralized cost and quality data system that will be used by the public and private sectors. The data collection advisory committee and the practice parameter advisory committee shall provide assistance to the institute through the commissioner of health.

Subd. 2. [DEFINITIONS.] *For purposes of this section, the following definitions apply.*

(a) "Board" means the board of directors of the data institute.

(b) "Encounter level data" means data related to the utilization of health care services by, and the provision of health care services to individual patients, enrollees, or insureds, including claims data, abstracts of medical records, and data from patient interviews and patient surveys.

(c) "Health carrier" has the definition provided in section 62A.011, subdivision 2.

Subd. 3. [OBJECTIVES OF THE DATA INSTITUTE.] *The data institute shall:*

(1) provide direction and coordination for public and private sector data collection efforts;

(2) establish a data system that electronically transmits, collects, archives, and provides users of data with the data necessary for their specific interests, in order to promote a high quality, cost-effective, consumer-responsive health care system;

(3) use and build upon existing data sources and quality measurement efforts, and improve upon these existing data sources and measurement efforts through the integration of data systems and the standardization of concepts, to the greatest extent possible;

(4) ensure that each segment of the health care industry can obtain data for appropriate purposes in a useful format and timely fashion;

(5) protect the privacy of individuals and minimize administrative costs; and

(6) develop a public/private information system to:

(i) make health care claims processing and financial settlement transactions more efficient;

(ii) provide an efficient, unobtrusive method for meeting the shared data needs of the state, consumers, employers, providers, and group purchasers;

(iii) provide the state, consumers, employers, providers, and group purchasers with information on the cost, appropriateness and effectiveness of health care, and wellness and cost containment strategies;

(iv) provide employers with the capacity to analyze benefit plans and work place health; and

(v) provide researchers and providers with the capacity to analyze clinical effectiveness.

The institute shall carry out these activities in accordance with the recommendations of the data collection plan developed by the data collection advisory committee, the Minnesota health care commission, and the commissioner of health, under subdivision 4.

Subd. 4. [DATA COLLECTION PLAN.] *The commissioner, in consultation with the board of the institute and the data collection advisory committee, shall develop and implement a plan that:*

(1) provides data collection objectives, strategies, priorities, cost estimates, administrative and operational guidelines, and implementation timelines for the data institute; and

(2) identifies the encounter level data needed for the commissioner to carry out the duties assigned in this chapter.

The plan must take into consideration existing data sources and data sources that can easily be made uniform for linkages to other data sets.

This plan shall be prepared by October 31, 1993.

Subd. 5. [COMMISSIONER'S DUTIES.] *(a) The commissioner shall establish a public/private data institute in conjunction with health care providers, health carriers and other group purchasers, and consumers, to collect and process encounter level data that are required to be submitted to the commissioner under this chapter. The commissioner shall not collect encounter level data from individual health care providers until standardized forms and procedures are available. The commissioner shall establish a board of directors comprised of members of the public and private sector to provide oversight for the administration and operation of the institute.*

(b) Until the data institute is operational, the commissioner may collect encounter level data required to be submitted under this chapter.

(c) The commissioner, with the advice of the board, shall establish policies for the disclosure of data to consumers, purchasers, providers, integrated service networks, and plans for their use in analysis to meet the goals of this chapter, as well as for the public disclosure of data to other interested parties. The disclosure policies shall ensure that consumers, purchasers, providers, integrated service networks, and plans have access to institute data for use in analysis to meet the goals of this chapter at the same time that data is provided to the data analysis unit in the department of health.

(d) The commissioner, with the advice of the board, may require those requesting data from the institute to contribute toward the cost of data collection through the payments of fees. Entities supplying data to the institute shall not be charged more than the actual transaction cost of providing the data requested.

(e) The commissioner may intervene in the direct operation of the institute, if this is necessary in the judgment of the commissioner to accomplish the institute's duties. If the commissioner intends to depart from the advice and recommendations of the board, the commissioner shall inform the board of the intended departure, provide the board with a written explanation of the reasons for the departure, and give the board the opportunity to comment on the departure.

Subd. 6. [BOARD OF DIRECTORS.] *The institute is governed by a 20-member board of directors consisting of the following members:*

(1) two representatives of hospitals, one appointed by the Minnesota Hospital Association and one appointed by the Metropolitan HealthCare Council, to reflect a mix of urban and rural institutions;

(2) four representatives of health carriers, two appointed by the Minnesota Council of Health Maintenance Organizations, one appointed by Blue Cross Blue Shield, and one appointed by the Insurance Federation of Minnesota;

(3) two consumer members, one appointed by the commissioner, and one appointed by the AFL-CIO as a labor union representative;

(4) five group purchaser representatives appointed by the Minnesota Consortium of Healthcare Purchasers to reflect a mix of urban and rural, large and small, and self-insured purchasers;

(5) two physicians appointed by the Minnesota Medical Association, to reflect a mix of urban and rural practitioners;

(6) one representative of teaching and research institutions, appointed jointly by the Mayo Foundation and the Minnesota Association of Public Teaching Hospitals;

(7) one nursing representative appointed by the Minnesota Nurses Association; and

(8) three representatives of state agencies, one member representing the department of employee relations, one member representing the department of human services, and one member representing the department of health.

Subd. 7. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] *The board is governed by section 15.0575.*

Subd. 8. [STAFF.] *The board may hire an executive director. The executive director is not a state employee but is covered by section 3.736. The executive director may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The attorney general shall provide legal services to the board.*

Subd. 9. [DUTIES.] *The board shall provide assistance to the commissioner in developing and implementing a plan for the public/private information system. In addition, the board shall make recommendations to the commissioner on:*

(1) the purpose of initiating a data collection initiatives;

(2) the expected benefit to the state from the initiatives;

(3) the methodology needed to ensure the validity of the initiative without creating an undue burden to providers and payors;

(4) the most appropriate method of collecting the necessary data; and

(5) the projected cost to the state, health care providers, health carriers, and other group purchasers to complete the initiative.

Subd. 10. [DATA COLLECTION.] *The commissioner, in consultation with the data institute board, may select a vendor to:*

(1) collect the encounter level data required to be submitted by group purchasers under sections 62J.38 and 62J.42, state agencies under section 62J.40, and health care providers under sections 62J.41 and 62J.42, using, to the greatest extent possible, standardized forms and procedures;

(2) collect the encounter level data required for the initiatives of the health care analysis unit, under sections 62J.30 to 62J.34, using, to the greatest extent possible, standardized forms and procedures;

(3) process the data collected to ensure validity, consistency, accuracy, and completeness, and as appropriate, merge data collected from different sources;

(4) provide unaggregated, encounter level data to the health care analysis unit within the department of health; and

(5) carry out other duties assigned in this section.

Subd. 11. [USE OF DATA.] *(a) The board of the data institute, with the advice of the data collection advisory committee and the practice parameter advisory committee through the commissioner, is responsible for establishing the methodology for the collection of the data and is responsible for providing direction on what data would be useful to the plans, providers, consumers, and purchasers.*

(b) The health care analysis unit is responsible for the analysis of the data and the development and dissemination of reports.

(c) The commissioner, in consultation with the board, shall determine when and under what conditions data disclosure to group purchasers, health care providers, consumers, researchers, and other appropriate parties may occur to meet the state's goals. The commissioner may require users of data to contribute toward the cost of data collection through the payment of fees. The commissioner shall require users of data to maintain the data according to the data privacy provisions applicable to the data.

Subd. 12. [CONTRACTING.] *The commissioner, in consultation with the board, may contract with private sector entities to carry out the duties assigned in this section. The commissioner shall diligently seek to enter into contracts with private sector entities. Any contract must list the specific data to be collected and the methods to be used to collect and validate the data. Any contract must require the private sector entity to maintain the data collected according to the data privacy provisions applicable to the data.*

Subd. 13. [DATA PRIVACY.] *The board and the institute are subject to chapter 13.*

Subd. 14. [STANDARDS FOR DATA RELEASE.] *The data institute shall adopt standards for the collection, by the institute, of data on costs, spending, quality, outcomes, and utilization. The data institute shall also adopt standards for the analysis and dissemination, by private sector entities, of data on costs, spending, quality, outcomes, and utilization provided to the private sector entities by the data institute. Both sets of standards must be consistent with data privacy requirements.*

Subd. 15. [INFORMATION CLEARINGHOUSE.] *The commissioner shall coordinate the activities of the data institute with the activities of the information clearinghouse established in section 62J.33, subdivision 2.*

Subd. 16. [FEDERAL AND OTHER GRANTS.] *The commissioner, in collaboration with the board, shall seek federal funding and funding from private and other nonstate sources for the initiatives required by the board.*

Sec. 16. [62J.46] [MONITORING AND REPORTS.]

Subdivision 1. [LONG-TERM CARE COSTS.] *The commissioner, with the advice of the interagency long-term care planning committee established under section 144A.31, shall use existing state data resources to monitor*

trends in public and private spending on long-term care costs and spending in Minnesota. The commissioner shall recommend to the legislature any additional data collection activities needed to monitor these trends. State agencies collecting information on long-term care spending and costs shall coordinate with the interagency long-term care planning committee and the commissioner to facilitate the monitoring of long-term care expenditures in the state.

Subd. 2. [COST SHIFTING.] *The commissioner shall monitor the extent to which reimbursement rates for government health care programs lead to the shifting of costs to private payers. By January 1, 1995, the commissioner shall report any evidence of cost shifting to the legislature and make recommendations on adjustments to the cost containment plan that should be made due to cost shifting.*

Sec. 17. Laws 1992, chapter 549, article 7, section 9, is amended to read:

Sec. 9. [STUDY OF ADMINISTRATIVE COSTS.]

The ~~health care~~ *data* analysis unit shall study costs and requirements incurred by health carriers, group purchasers, and health care providers that are related to the collection and submission of information to the state and federal government, insurers, and other third parties. *The data analysis unit shall also evaluate and make recommendations related to cost-savings and efficiencies that may be achieved through streamlining and consolidating health care administrative, payment, and data collection systems.* The unit shall recommend to the commissioner of health and the Minnesota health care commission by January 1, 1994, any reforms that may ~~reduce these costs~~ *produce cost-savings and efficiencies* without compromising the purposes for which the information is collected.

Sec. 18. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall insert section 62J.04, subdivisions 2, 2a, and 2b, as subdivisions 1, 2, and 3 in section 62J.35, and renumber the other subdivisions of section 62J.35 as subdivisions 4 and 5 of that section in the next and subsequent editions of Minnesota Statutes.

(b) The revisor of statutes is directed to change the words "health care analysis unit" to "data analysis unit" whenever they appear in the next edition of Minnesota Statutes.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 17 are effective the day following final enactment.

ARTICLE 4

TECHNOLOGY ADVISORY COMMITTEE

Section 1. Minnesota Statutes 1992, section 62J.03, is amended by adding a subdivision to read:

Subd. 9. [SAFETY.] *"Safety" means a judgment of the acceptability of risk of using a technology in a specified situation.*

Sec. 2. Minnesota Statutes 1992, section 62J.15, subdivision 1, is amended to read:

Subdivision 1. [HEALTH ~~PLANNING~~ *TECHNOLOGY* ADVISORY COMMITTEE.] The Minnesota health care commission shall convene an advisory

committee to ~~make recommendations regarding the use and distribution~~ *conduct evaluations of existing research and technology assessments conducted by other entities* of new and existing health care technologies ~~and procedures and major capital expenditures by providers~~. The advisory committee may include members of the state commission and other persons appointed by the commission. The advisory committee must include at least one person representing physicians, at least one person representing hospitals, and at least one person representing the health care technology industry. Health care technologies ~~and procedures~~ include high-cost ~~pharmaceuticals, organ and other high-cost transplants, high-cost~~ *drugs, devices, procedures, or processes applied to human* health care ~~procedures and devices excluding United States Food and Drug Administration approved implantable or wearable medical devices~~, *such as high-cost transplants* and expensive~~, large-scale technologies such as~~ scanners and imagers. *The advisory committee is governed by section 15.0575, subdivision 3, except that members do not receive per diem payments.*

Sec. 3. Minnesota Statutes 1992, section 625.15, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITION.] *For purposes of sections 62J.15 to 62J.156, the terms "evaluate," "evaluation," and "evaluating" mean the review or reviewing of research and technology assessments conducted by other entities relating to specific technologies and their specific use and application.*

Sec. 4. [62J.152] [DUTIES OF HEALTH TECHNOLOGY ADVISORY COMMITTEE.]

Subdivision 1. [GENERALLY.] *The health technology advisory committee established in section 62J.15 shall:*

(1) develop criteria and processes for evaluating health care technology assessments made by other entities;

(2) conduct evaluations of specific technologies and their specific use and application;

(3) report the results of the evaluations to the commissioner and the Minnesota health care commission; and

(4) carry out other duties relating to health technology assigned by the commission.

Subd. 2. [PRIORITIES FOR DESIGNATING TECHNOLOGIES FOR ASSESSMENT.] *The health technology advisory committee shall consider the following criteria in designating technologies for evaluation:*

(1) the level of controversy within the medical or scientific community, including questionable or undetermined efficacy;

(2) the cost implications;

(3) the potential for rapid diffusion;

(4) the impact on a substantial patient population;

(5) the existence of alternative technologies;

(6) the impact on patient safety and health outcome;

(7) the public health importance;

(8) the level of public and professional demand;

(9) the social, ethical, and legal concerns; and

(10) the prevalence of the disease or condition.

The committee may give different weights or attach different importance to each of the criteria, depending on the technology being considered. The committee shall consider any additional criteria approved by the commissioner and the Minnesota health care commission.

Subd. 3. [CRITERIA FOR EVALUATING TECHNOLOGY.] *In developing the criteria for evaluating specific technologies, the health technology advisory committee shall consider safety, improvement in health outcomes, and the degree to which a technology is clinically effective and cost-effective, and other factors.*

Subd. 4. [TECHNOLOGY EVALUATION PROCESS.] *(a) The health technology advisory committee shall collect and evaluate studies and research findings on the technologies selected for evaluation from as wide of a range of sources as needed, including, but not limited to: federal agencies or other units of government, international organizations conducting health care technology assessments, health carriers, insurers, manufacturers, professional and trade associations, nonprofit organizations, and academic institutions. The health technology advisory committee may use consultants or experts and solicit testimony or other input as needed to evaluate a specific technology.*

(b) When the evaluation process on a specific technology has been completed, the health technology advisory committee shall submit a preliminary report to the health care commission and publish a summary of the preliminary report in the State Register with a notice that written comments may be submitted. The preliminary report must include the results of the technology assessment evaluation, studies and research findings considered in conducting the evaluation, and the health technology advisory committee's summary statement about the evaluation. Any interested persons or organizations may submit to the health technology advisory committee written comments regarding the technology evaluation within 30 days from the date the preliminary report was published in the State Register. The health technology advisory committee's final report on its technology evaluation must be submitted to the health care commission. A summary of written comments received by the health technology advisory committee within the 30-day period must be included in the final report. The health care commission shall review the final report and prepare its comments and recommendations. Before completing its final comments and recommendations, the health care commission shall provide adequate public notice that testimony will be accepted by the health care commission. The health care commission shall then forward the final report, its comments and recommendations, and a summary of the public's comments to the commissioner and information clearinghouse.

(c) The reports of the health technology advisory committee and the comments and recommendations of the health care commission should not eliminate or bar new technology, and are not rules as defined in the administrative procedure act.

Subd. 5. [USE OF TECHNOLOGY EVALUATION.] *(a) The final report on the technology evaluation and the commission's comments and recommendations may be used:*

(1) by the commissioner in retrospective and prospective review of major expenditures;

(2) by integrated service networks and other group purchasers and by employers, in making coverage, contracting, purchasing, and reimbursement decisions;

(3) by government programs and regulators of the regulated all-payer system, in making coverage, contracting, purchasing, and reimbursement decisions;

(4) by the commissioner and other organizations in the development of practice parameters;

(5) by health care providers in making decisions about adding or replacing technology and the appropriate use of technology;

(6) by consumers in making decisions about treatment;

(7) by medical device manufacturers in developing and marketing new technologies; and

(8) as otherwise needed by health care providers, health care plans, consumers, and purchasers.

(b) At the request of the commissioner, the health care commission, in consultation with the health technology advisory committee, shall submit specific recommendations relating to technologies that have been evaluated under this section for purposes of retrospective and prospective review of major expenditures and coverage, contracting, purchasing, and reimbursement decisions affecting state programs and the all-payer system.

Subd. 6. [APPLICATION TO THE REGULATED ALL-PAYER SYSTEM.] *The health technology advisory committee shall recommend to the Minnesota health care commission and the commissioner methods to control the diffusion and use of technology within the regulated all-payer system for services provided outside of an integrated service network.*

Subd. 7. [DATA GATHERING.] *In evaluating a specific technology, the health technology advisory committee may seek the use of data collected by manufacturers, health plans, professional and trade associations, nonprofit organizations, academic institutions, or any other organization or association that may have data relevant to the committee's technology evaluation. All information obtained under this subdivision shall be considered nonpublic data under section 13.02, subdivision 9, unless the data is already available to the public generally or upon request.*

Sec. 5. [62J.156] [CLOSED COMMITTEE HEARINGS.]

Notwithstanding section 471.705, the health technology advisory committee may meet in closed session to discuss a specific technology or procedure that involves data received under section 62J.152, subdivision 7, that have been classified as nonpublic data, where disclosure of the data would cause harm to the competitive or economic position of the source of the data.

Sec. 6. [USE AND DISTRIBUTION OF HEALTH TECHNOLOGY.]

The health care commission, in consultation with the health technology advisory committee, shall submit a report to the legislature and the governor by January 15, 1994, regarding the necessity of a health technology advisory committee to address the use and distribution of health technology under a system of integrated service networks with global limits on growth, and in a regulated all-payer system. The report may also include recommendations for the future role of the health technology advisory committee, and further changes, programs, or activities that may be necessary to ensure that the use and distribution of health technology in Minnesota is consistent with the state's cost containment goals. In preparing the report, the health care commission shall consult with the medical technology industry in Minnesota for its input and reactions.

Sec. 7. [REPEALER.]

Minnesota Statutes 1992, section 62J.15, subdivision 2, is repealed.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, *the health technology advisory committee*, the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. "Employee of the state" includes a public defender appointed by the state board of public defense, *and a member of the health technology advisory committee*.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 1992, section 43A.17, is amended by adding a subdivision to read:

Subd. 11. [ACTUARIES.] *Actuaries employed by the department of health, human services, or commerce are not subject to subdivision 1.*

Sec. 3. Minnesota Statutes 1992, section 60K.14, is amended by adding a subdivision to read:

Subd. 7. Before selling, or offering to sell, any health insurance or a health plan as defined in section 62A.011, subdivision 3, an agent shall disclose to the prospective purchaser the amount of any commission or other compensation the agent will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.

Sec. 4. [62A.024] [RATE DISCLOSURE.] *If any health carrier, as defined in section 62A.011, informs a policyholder or contract holder that a rate increase is due to a statutory change, the health carrier must disclose the specific amount of the rate increase directly due to the statutory change and must identify the specific statutory change. This disclosure must also separate any rate increase due to medical inflation or other reasons from the rate increase directly due to statutory changes in chapter 62A, 62C, 62D, 62E, 62H, 62J, 62L, or 64B.*

Sec. 5. Minnesota Statutes 1992, section 62C.16, is amended by adding a subdivision to read:

Subd. 4. [RETALIATORY ACTION PROHIBITED.] *No service plan corporation may take retaliatory action against a provider solely on the grounds that the provider disseminated accurate information regarding coverage of benefits or accurate benefit limitations of a subscriber's contract or accurate interpretations of the provider agreement that limit the prescribing, providing, or ordering of care.*

Sec. 6. Minnesota Statutes 1992, section 62D.12, is amended by adding a subdivision to read:

Subd. 17. [DISCLOSURE OF COMMISSIONS.] *Any person receiving commissions for the sale of coverage or enrollment in a health maintenance organization shall, before selling or offering to sell coverage or enrollment, disclose to the prospective purchaser the amount of any commission or other compensation the person will receive as a direct result of the sale. The disclosure may be expressed in dollars or as a percentage of the premium. The amount disclosed need not include any anticipated renewal commissions.*

Sec. 7. Minnesota Statutes 1992, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] After obtaining the advice and recommendations of the Minnesota health care commission, the commissioner shall:

(1) establish statewide and regional limits on growth in total health care spending under this section, monitor regional and statewide compliance with the spending limits, and take action to achieve compliance to the extent authorized by the legislature;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area *but excluding Chisago, Isanti, Wright, and Sherburne counties*, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve spending limits;

(3) provide technical assistance to regional coordinating boards;

(4) monitor the quality of health care throughout the state, conduct consumer satisfaction surveys, and take action as necessary to ensure an appropriate level of quality;

(5) ~~develop~~ *issue recommendations regarding* uniform billing forms, uniform electronic billing procedures *and data interchanges, patient identification cards*, and other uniform claims *and administrative* procedures for health care providers ~~by January 1, 1993~~ *and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures*;

(6) undertake health planning responsibilities as provided in section 62J.15;

(7) monitor and promote the development and implementation of practice parameters;

(8) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(9) designate *referral* centers ~~of excellence~~ for specialized and high-cost procedures and treatment and establish minimum standards and requirements for particular procedures or treatment;

(10) *within the limits of appropriations for these purposes,* administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, *undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs*;

(11) administer the health care analysis unit ~~under Laws 1992, chapter 549, article 7~~; and

(12) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans.

Sec. 8. Minnesota Statutes 1992, section 62J.04, subdivision 4, is amended to read:

Subd. 4. [CONSULTATION WITH THE COMMISSION.] ~~Before~~ *When the law requires the commissioner of health to consult with the Minnesota health care commission when* undertaking any of the duties required under this chapter *and chapter 62N*, the commissioner ~~of health~~ shall consult with

the ~~Minnesota health care~~ commission and obtain the commission's advice and recommendations. If the commissioner intends to depart from the commission's recommendations, the commissioner shall inform the commission of the intended departure, provide a written explanation of the reasons for the departure, and give the commission an opportunity to comment on the intended departure. If, after receiving the commission's comment, the commissioner still intends to depart from the commission's recommendations, the commissioner shall notify each member of the legislative ~~oversight~~ commission *on health care access* of the commissioner's intent to depart from the recommendations of the Minnesota health care commission. The notice to the legislative ~~oversight~~ commission must be provided at least ten days before the commissioner takes final action. If emergency action is necessary that does not allow the commissioner to obtain the advice and recommendations of the Minnesota health care commission or to provide advance notice and an opportunity for comment as required in this subdivision, the commissioner shall provide a written notice and explanation to the Minnesota health care commission and the legislative ~~oversight~~ commission at the earliest possible time.

Sec. 9. [62J.212] [COLLABORATION ON PUBLIC HEALTH GOALS.]

The commissioner may increase regional spending limits if public health goals for that region are achieved.

Sec. 10. Minnesota Statutes 1992, section 151.21, is amended to read:

151.21 [SUBSTITUTION.]

Subdivision 1. Except as provided in ~~subdivision 2~~ *this section*, it shall be unlawful for any pharmacist, assistant pharmacist, or pharmacist intern who dispenses prescriptions, drugs, and medicines to substitute an article different from the one ordered, or deviate in any manner from the requirements of an order or prescription without the approval of the prescriber.

Subd. 2. When a pharmacist receives a written prescription on which the prescriber has personally written in handwriting "dispense as written" or "D.A.W.," or an oral prescription in which the prescriber has expressly indicated that the prescription is to be dispensed as communicated, the pharmacist shall dispense the brand name legend drug as prescribed.

Subd. ~~2~~ *3.* ~~A pharmacist who receives a prescription for a brand name legend drug may, with the written or verbal consent of the purchaser, dispense any drug having the same generic name as the brand name drug prescribed if the prescriber has not personally written in handwriting "dispense as written" or "D.A.W." on the prescription or, when an oral prescription is given, has not expressly indicated the prescription is to be dispensed as communicated. A pharmacist who receives a prescription marked "D.A.W." or "dispense as written", or an oral prescription indicating that the prescription is to be dispensed as communicated, may substitute for the prescribed brand name drug a generically equivalent drug product which is manufactured in the same finished dosage form having the same active ingredients and strength by the same manufacturer as the prescribed brand name drug~~ *When a pharmacist receives a written prescription on which the prescriber has not personally written in handwriting "dispense as written" or "D.A.W.," or an oral prescription in which the prescriber has not expressly indicated that the prescription is to be dispensed as communicated, and there is available in the pharmacist's stock a less expensive generically equivalent drug that, in the*

pharmacist's professional judgment, is safely interchangeable with the prescribed drug, then the pharmacist shall, after disclosing the substitution to the purchaser, dispense the generic drug, unless the purchaser objects. A pharmacist may also substitute pursuant to the oral instructions of the prescriber. A pharmacist may not substitute a generically equivalent drug product unless, in the pharmacist's professional judgment, the substituted drug is therapeutically equivalent and interchangeable to the prescribed drug. A pharmacist shall notify the purchaser if the pharmacist is dispensing a drug other than the brand name drug prescribed.

Subd. ~~3~~ *4.* A pharmacist dispensing a drug under the provisions of subdivision ~~2~~ *3* shall not dispense a drug of a higher retail price than that of the brand name drug prescribed. *If more than one safely interchangeable generic drug is available in a pharmacist's stock, then the pharmacist shall dispense the least expensive alternative.* Any difference between acquisition cost to the pharmacist of the drug dispensed and the brand name drug prescribed shall be passed on to the purchaser.

Subd. 5. Nothing in this section requires a pharmacist to substitute a generic drug if the substitution will make the transaction ineligible for third-party reimbursement.

Subd. 6. When a pharmacist dispenses a brand name legend drug and, at that time, a less expensive generically equivalent drug is also available in the pharmacist's stock, the pharmacist shall disclose to the purchaser that a generic drug is available.

Subd. 7. This section does not apply to prescription drugs dispensed to persons covered by a health plan that covers prescription drugs under a managed care formulary or similar practices.

Subd. 8. The following drugs are excluded from this section: coumadin, dilantin, lanoxin, premarin, theophylline, synthroid, tegretol, and phenobarbital.

Sec. 11. [151.461] [GIFTS TO PRACTITIONERS PROHIBITED.]

It is unlawful for any manufacturer or wholesale drug distributor, or any agent thereof, to offer or give any gift of value to a practitioner. A medical device manufacturer that distributes drugs as an incidental part of its device business shall not be considered a manufacturer, a wholesale drug distributor, or agent under this section. As used in this section, "gift" does not include:

(1) professional samples of a drug provided to a prescriber for free distribution to patients;

(2) items with a total combined retail value, in any calendar year, of not more than $50;

(3) a payment to the sponsor of a medical conference, professional meeting, or other educational program, provided the payment is not made directly to a practitioner and is used solely for bona fide educational purposes;

(4) reasonable honoraria and payment of the reasonable expenses of a practitioner who serves on the faculty at a professional or educational conference or meeting;

(5) compensation for the substantial professional or consulting services of a practitioner in connection with a genuine research project;

(6) publications and educational materials; or

(7) salaries or other benefits paid to employees.

Sec. 12. Minnesota Statutes 1992, section 151.47, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] All wholesale drug distributors are subject to the requirements in paragraphs (a) to ~~(e)~~ *(f)*.

(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, 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.

(f) A wholesale drug distributor shall file with the board an annual report, in a form and on the date prescribed by the board, identifying all payments, honoraria, reimbursement or other compensation authorized under section 151.461, clauses (3) to (5), paid to practitioners in Minnesota during the preceding calendar year. The report shall identify the nature and value of any payments totaling $100 or more, to a particular practitioner during the year, and shall identify the practitioner. Reports filed under this provision are public data.

Sec. 13. [MEDICAL CARE SAVINGS ACCOUNTS.]

(a) The commissioner of health, in consultation with the commissioners of employee relations, commerce, and revenue and the Minnesota health care commission, shall conduct a study to determine the feasibility of establishing a medical and health care benefits plan such as one to help provide incentives for persons in Minnesota whose employers pay all or part of the cost of medical and health care benefits for their employees to forego unnecessary medical treatment and to shop for the best value in cases where treatment is necessary. The study must address, at a minimum, the advantages and disadvantages of establishing a medical and health care benefits plan and may contain the components and criteria in paragraphs (b) to (f).

(b) Employers each year shall set aside in an account for each of their employees a substantial percentage of the amount that the employers currently or would otherwise spend for medical and health care benefits for each employee. The account is an allowance for medical and health care for the employee during that year.

(c) Employers shall use the remaining percentage amount to purchase or self fund major medical and health care benefits for all employees, which shall pay 100 percent of the cost of any portion of an employee's medical and health care that exceeds the amount in the employee's medical and health care account.

(d) Any amount in an employee's medical and health care account that is unspent belongs to the employee with no restrictions on the purposes for which it may be used.

(e) The amount in an employee's medical and health care account is not subject to state income taxation while it remains in the account. Any amount spent from the account on medical and health care is totally exempt from state income taxation. Any amount spent from the account for any purpose other than medical and health care is subject to state income taxation.

(f) Employers that provide medical and health care benefits to their employees in accordance with the plan shall receive state tax credits against their income for each year that the benefits are provided.

(g) The results of the study must be submitted to the legislature by January 15, 1994.

Sec. 14. [REQUESTS FOR FEDERAL ACTION.]

The commissioner of health shall seek changes in or waivers from federal statutes or regulations as necessary to implement the provisions of this act. The commissioner of human services shall request and diligently pursue waivers from the federal laws relating to health coverages provided under the medical assistance and Medicare programs, so as to permit the state to provide medical assistance benefits through integrated service networks and permit Medicare to be provided in Minnesota through integrated service networks.

Sec. 15. [PRESCRIPTION DRUG STUDY.]

The commissioner of health shall prepare and submit to the legislature by February 15, 1994, a study of the manufacturing, wholesale, and retail prescription drug market in Minnesota. In conducting the study, the commissioner of health shall consult with the commissioners of administration, employee relations, and human services, the Minnesota health care commission, and the University of Minnesota pharmaceutical research, management, and economics programs. The commissioner shall also consult with representatives of retail and other pharmacists, drug manufacturers, consumers, senior citizen organizations, hospitals, nursing homes, physicians, health maintenance organizations, and other stakeholders and persons with relevant expertise.

The study shall examine:

(1) how distinctions based on volume purchased or class of purchaser affect manufacturer, wholesale, and retail pricing;

(2) how manufacturer and wholesale pricing are affected by other industry practices, by federal and state law, and by other factors such as marketing, promotion, and research and development;

(3) how manufacturer and wholesale pricing affect retail pricing;

(4) other factors affecting retail pricing; and

(5) methods of reducing manufacturer, wholesale, and retail prices, including but not limited to:

(i) mandatory prescription drug contracting programs operated by the state;

(ii) voluntary prescription drug contracting programs operated by the state;

(iii) legislation to facilitate the development of manufacturer and wholesale purchasing programs in the private sector;

(iv) most favored purchaser legislation;

(v) legislation limiting manufacturer and wholesale price increases;

(vi) legislation providing for preferential treatment for underserved or disadvantaged retail purchasers;

(vii) legislation providing for the use of a state formulary or other formularies;

(viii) legislation requiring pharmacists to substitute for prescribed drugs a less expensive therapeutic alternative in appropriate circumstances.

(ix) legislation providing for price disclosure; and

(x) limitations on drug promotion and marketing.

The study must include recommendations and draft legislation for reducing the cost of prescription drugs for wholesale purchasers, consumers, retail pharmacies, and third-party payors. The recommendations must ensure that parties benefiting from price savings at the manufacturer or wholesale level pass these savings on to consumers. The recommendations must not reduce costs through methods that would adversely affect access to prescription drugs, reduce the quality of prescription drugs, or cause a significant increase in manufacturer, wholesale, or retail prices for certain market segments.

Sec. 16. [REVIEW.]

The commissioner of commerce shall review the health care policies currently in use in the state, and prepare standardized health care policy forms to be used by all insurers, health service plans, or others subject to the jurisdiction of Minnesota Statutes, chapter 62A, 62C, 62E, or 62H. The commissioner shall recommend possible legislative changes necessary to adopt the policy forms to the chairs of the senate commerce and consumer protection committee and the house of representatives financial institutions and insurance committee by February 1, 1994.

Sec. 17. [LEAVE DONATION PROGRAM.]

Subdivision 1. [DONATION OF VACATION TIME.] *A state employee may donate up to 12 hours of accrued vacation leave for the benefit of a state employee in Morrison county whose child was attacked by a dog in 1993. The number of hours donated must be credited to the sick leave account of the receiving state employee. If the receiving state employee uses all of the donated time, additional hours up to 50 hours per employee of accrued vacation leave time may be donated.*

Subd. 2. [PROCESS FOR CREDITING.] *The donating employee must notify the employee's agency head of the amount of accrued vacation time the employee wishes to donate. The agency head shall transfer that amount to the sick leave account of the recipient. A donation of accrued vacation leave time is irrevocable once it has been transferred to the account.*

Sec. 18. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "centers of excellence" to "referral centers" wherever they appear in Minnesota Statutes, chapters 62D and 62J, in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, parts 4685.0100 to 4685.3400.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 4, 5, 7, 8, 9, 13, 14, 15, and 16 are effective the day following final enactment.

Section 17 is effective the day following final enactment and applies retroactively to January 1, 1993.

Sections 3, 6, 10, 11, and 12 are effective January 1, 1994.

ARTICLE 6

COST CONTAINMENT AMENDMENTS

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 8, is amended to read:

Subd. 8. [PROVIDER *OR HEALTH CARE PROVIDER*.] "Provider" or "health care provider" means a person or organization other than a nursing home that provides health care or medical care services within Minnesota for a fee~~, as further defined in rules adopted by the commissioner.~~ *and is eligible for reimbursement under the medical assistance program under chapter 256B. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health carrier, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.*

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] A person ~~or organization~~ *aggrieved* may appeal a decision ~~of the commissioner~~ *under sections 62J.17 and 62J.23* through a contested case proceeding *governed* under chapter 14. *The notice of appeal must be served on the commissioner within 30 days of receiving notice of the decision. The commissioner shall decide the contested case.*

Sec. 3. Minnesota Statutes 1992, section 62J.04, subdivision 7, is amended to read:

Subd. 7. [PLAN FOR CONTROLLING GROWTH IN SPENDING.] (a) By January 15, 1993, the Minnesota health care commission shall submit to the legislature and the governor for approval a plan, with as much detail as possible, for slowing the growth in health care spending to the growth rate identified by the commission, beginning July 1, 1993. The goal of the plan shall be to reduce the growth rate of health care spending, adjusted for population changes, so that it declines by at least ten percent per year for each of the next five years. ~~The commission shall use the rate of spending growth in 1991 as the base year for developing its plan.~~ The plan may include tentative targets for reducing the growth in spending for consideration by the legislature.

(b) In developing the plan, the commission shall consider the advisability and feasibility of the following options, but is not obligated to incorporate them into the plan:

(1) data and methods that could be used to calculate regional and statewide spending limits and the various options for expressing spending limits, such as maximum percentage growth rates or actuarially adjusted average per capita rates that reflect the demographics of the state or a region of the state;

(2) methods of adjusting spending limits to account for patients who are not Minnesota residents, to reflect care provided to a person outside the person's region, and to adjust for demographic changes over time;

(3) methods that could be used to monitor compliance with the limits;

(4) criteria for exempting spending on research and experimentation on new technologies and medical practices when setting or enforcing spending limits;

(5) methods that could be used to help providers, purchasers, consumers, and communities control spending growth;

(6) methods of identifying activities of consumers, providers, or purchasers that contribute to excessive growth in spending;

(7) methods of encouraging voluntary activities that will help keep spending within the limits;

(8) methods of consulting providers and obtaining their assistance and cooperation and safeguards that are necessary to protect providers from abrupt changes in revenues or practice requirements;

(9) methods of avoiding, preventing, or recovering spending in excess of the rate of growth identified by the commission;

(10) methods of depriving those who benefit financially from overspending of the benefit of overspending, including the option of recovering the amount of the excess spending from the greater provider community or from individual providers or groups of providers through targeted assessments;

(11) methods of reallocating health care resources among provider groups to correct existing inequities, reward desirable provider activities, discourage undesirable activities, or improve the quality, affordability, and accessibility of health care services;

(12) methods of imposing mandatory requirements relating to the delivery of health care, such as practice parameters, hospital admission protocols, 24-hour emergency care screening systems, or designated specialty providers;

(13) methods of preventing unfair health care practices that give a provider or group purchaser an unfair advantage or financial benefit or that significantly circumvent, subvert, or obstruct the goals of this chapter;

(14) methods of providing incentives through special spending allowances or other means to encourage and reward special projects to improve outcomes or quality of care; and

(15) the advisability or feasibility of a system of permanent, regional coordinating boards to ensure community involvement in activities to improve affordability, accessibility, and quality of health care in each region.

Sec. 4. Minnesota Statutes 1992, section 62J.05, is amended by adding a subdivision to read:

Subd. 9. [REPEALER.] *This section is repealed effective July 1, 1996.*

Sec. 5. Minnesota Statutes 1992, section 62J.09, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) [NUMBER OF MEMBERS.] Each regional ~~health care management~~ *coordinating* board consists of ~~16~~ *17* members as

provided in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence. *The governor shall appoint the chair of each regional board from among its members. The appointing authorities under each paragraph for which there is to be chosen more than one member shall consult prior to appointments being made to ensure that, to the extent possible, the board includes a representative from each county within the region.*

(b) [PROVIDER REPRESENTATIVES.] Each regional board must include four members representing health care providers who practice in the region. One member is appointed by the Minnesota Medical Association. One member is appointed by the Minnesota Hospital Association. One member is appointed by the Minnesota Nurses' Association. The remaining member is appointed by the governor to represent providers other than physicians, hospitals, and nurses.

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional board includes ~~three~~ *four* members representing health plan companies who provide coverage for residents of the region, including one member representing health insurers who is elected by a vote of all health insurers providing coverage in the region, one member elected by a vote of all health maintenance organizations providing coverage in the region, and one member appointed by Blue Cross and Blue Shield of Minnesota. The fourth member is appointed by the governor.

(d) [EMPLOYER REPRESENTATIVES.] Regional boards include three members representing employers in the region. Employer representatives are elected by a vote of the employers who are members of chambers of commerce in the region. At least one member must represent self-insured employers.

(e) [EMPLOYEE UNIONS.] Regional boards include one member appointed by the AFL-CIO Minnesota who is a union member residing or working in the region or who is a representative of a union that is active in the region.

(f) [PUBLIC MEMBERS.] Regional boards include three consumer members. One consumer member is elected by the community health boards in the region, with each community health board having one vote. One consumer member is elected by the state legislators with districts in the region. One consumer member is appointed by the governor.

(g) [COUNTY COMMISSIONER.] Regional boards include one member who is a county board member. The county board member is elected by a vote of all of the county board members in the region, with each county board having one vote.

(h) [STATE AGENCY.] Regional boards include one state agency commissioner appointed by the governor to represent state health coverage programs.

Sec. 6. Minnesota Statutes 1992, section 62J.09, subdivision 5, is amended to read:

Subd. 5. [CONFLICTS OF INTEREST.] No member may ~~participate or~~ vote in *regional coordinating* board proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the *regional coordinating* board's proceedings other than as an individual consumer of

health care services. *A member with a direct financial interest may participate in the proceedings, without voting, provided that the member discloses any direct financial interest to the regional coordinating board at the beginning of the proceedings.*

Sec. 7. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subd. 6a. [CONTRACTING.] *The commissioner, at the request of a regional coordinating board, may contract on behalf of the board with an appropriate regional organization to provide staff support to the board, in order to assist the board in carrying out the duties assigned in this section.*

Sec. 8. Minnesota Statutes 1992, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~1993~~ *1996.*

Sec. 9. Minnesota Statutes 1992, section 62J.17, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given.

(a) [ACCESS.] *"Access" has the meaning given in section 62J.2912, subdivision 2.*

(b) [CAPITAL EXPENDITURE.] "Capital expenditure" means an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance.

(c) [COST.] *"Cost" means the amount paid by consumers or third party payers for health care services or products.*

(d) [DATE OF THE MAJOR SPENDING COMMITMENT.] *"Date of the major spending commitment" means the date the provider formally obligated itself to the major spending commitment. The obligation may be incurred by entering into a contract, making a down payment, issuing bonds or entering a loan agreement to provide financing for the major spending commitment, or taking some other formal, tangible action evidencing the provider's intention to make the major spending commitment.*

~~(b)~~ *(e)* [HEALTH CARE SERVICE.] "Health care service" means:

(1) a service or item that would be covered by the medical assistance program under chapter 256B if provided in accordance with medical assistance requirements to an eligible medical assistance recipient; and

(2) a service or item that would be covered by medical assistance except that it is characterized as experimental, cosmetic, or voluntary.

"Health care service" does not include retail, over-the-counter sales of nonprescription drugs and other retail sales of health-related products that are not generally paid for by medical assistance and other third-party coverage.

~~(c)~~ *(f)* [MAJOR SPENDING COMMITMENT.] "Major spending commitment" means *an expenditure in excess of $500,000 for*:

(1) acquisition of a unit of medical equipment;

(2) a capital expenditure for a single project for the purposes of providing health care services, other than for the acquisition of medical equipment;

(3) offering a new specialized service not offered before;

(4) planning for an activity that would qualify as a major spending commitment under this paragraph; or

(5) a project involving a combination of two or more of the activities in clauses (1) to (4).

The cost of acquisition of medical equipment, and the amount of a capital expenditure, is the total cost to the provider regardless of whether the cost is distributed over time through a lease arrangement or other financing or payment mechanism.

~~(d)~~ *(g)* [MEDICAL EQUIPMENT.] "Medical equipment" means fixed and movable equipment that is used by a provider in the provision of a health care service. "Medical equipment" includes, but is not limited to, the following:

(1) an extracorporeal shock wave lithotripter;

(2) a computerized axial tomography (CAT) scanner;

(3) a magnetic resonance imaging (MRI) unit;

(4) a positron emission tomography (PET) scanner; and

(5) emergency and nonemergency medical transportation equipment and vehicles.

~~(e)~~ *(h)* [NEW SPECIALIZED SERVICE.] "New specialized service" means a specialized health care procedure or treatment regimen offered by a provider that was not previously offered by the provider, including, but not limited to:

(1) cardiac catheterization services involving high-risk patients as defined in the Guidelines for Coronary Angiography established by the American Heart Association and the American College of Cardiology;

(2) heart, heart-lung, liver, kidney, bowel, or pancreas transplantation service, or any other service for transplantation of any other organ;

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

(6) any new medical technology for which premarket approval has been granted by the United States Food and Drug Administration, excluding implantable and wearable devices.

~~(f) [PROVIDER.] "Provider" means an individual, corporation, association, firm, partnership, or other entity that is regularly engaged in providing health care services in Minnesota.~~

Sec. 10. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 4a. [EXPENDITURE REPORTING.] *(a)* [GENERAL REQUIREMENT.] *A provider making a major spending commitment after April 1, 1992,*

shall submit notification of the expenditure to the commissioner and provide the commissioner with any relevant background information.

(b) [REPORT.] *Notification must include a report, submitted within 60 days after the date of the major spending commitment, using terms conforming to the definitions in section 62J.03 and this section. Each report is subject to retrospective review and must contain:*

(1) a detailed description of the major spending commitment and its purpose;

(2) the date of the major spending commitment;

(3) a statement of the expected impact that the major spending commitment will have on charges by the provider to patients and third party payors;

(4) a statement of the expected impact on the clinical effectiveness or quality of care received by the patients that the provider expects to serve;

(5) a statement of the extent to which equivalent services or technology are already available to the provider's actual and potential patient population;

(6) a statement of the distance from which the nearest equivalent services or technology are already available to the provider's actual and potential population;

(7) a statement describing the pursuit of any lawful collaborative arrangements; and

(8) a statement of assurance that the provider will not use, purchase, or perform health care technologies and procedures that are not clinically effective and cost-effective, unless the technology is used for experimental or research purposes to determine whether a technology or procedure is clinically effective and cost-effective.

The provider may submit any additional information that it deems relevant.

(c) [ADDITIONAL INFORMATION.] *The commissioner may request additional information from a provider for the purpose of review of a report submitted by that provider, and may consider relevant information from other sources. A provider shall provide any information requested by the commissioner within the time period stated in the request, or within 30 days after the date of the request if the request does not state a time.*

(d) [FAILURE TO COMPLY.] *If the provider fails to submit a complete and timely expenditure report, including any additional information requested by the commissioner, the commissioner may make the provider's subsequent major spending commitments subject to the procedures of prospective review and approval under subdivision 6a.*

Sec. 11. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 5a. [RETROSPECTIVE REVIEW.] *(a) The commissioner shall retrospectively review each major spending commitment and notify the provider of the results of the review. The commissioner shall determine whether the major spending commitment was appropriate. In making the determination, the commissioner may consider the following criteria: the major spending commitment's impact on the cost, access, and quality of*

health care; the clinical effectiveness and cost-effectiveness of the major spending commitment; and the alternatives available to the provider.

(b) The commissioner may not prevent or prohibit a major spending commitment subject to retrospective review. However, if the provider fails the retrospective review, any major spending commitments by that provider for the five-year period following the commissioner's decision are subject to prospective review under subdivision 6a.

Sec. 12. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 6a. [PROSPECTIVE REVIEW AND APPROVAL.] *(a)* [REQUIREMENT.] *No health care provider subject to prospective review under this subdivision shall make a major spending commitment unless:*

(1) the provider has filed an application with the commissioner to proceed with the major spending commitment and has provided all supporting documentation and evidence requested by the commissioner; and

(2) the commissioner determines, based upon this documentation and evidence, that the major spending commitment is appropriate under the criteria provided in subdivision 5a in light of the alternatives available to the provider.

(b) [APPLICATION.] *A provider subject to prospective review and approval shall submit an application to the commissioner before proceeding with any major spending commitment. The application must address each item listed in subdivision 4a, paragraph (a), and must also include documentation to support the response to each item. The provider may submit information, with supporting documentation, regarding why the major spending commitment should be excepted from prospective review under paragraph (d). The submission may be made either in addition to or instead of the submission of information relating to the items listed in subdivision 4a, paragraph (a).*

(c) [REVIEW.] *The commissioner shall determine, based upon the information submitted, whether the major spending commitment is appropriate under the criteria provided in subdivision 5a, or whether it should be excepted from prospective review under paragraph (d). In making this determination, the commissioner may also consider relevant information from other sources. At the request of the commissioner, the Minnesota health care commission shall convene an expert review panel made up of persons with knowledge and expertise regarding medical equipment, specialized services, health care expenditures, and capital expenditures to review applications and make recommendations to the commissioner. The commissioner shall make a decision on the application within 60 days after an application is received.*

(d) [EXCEPTIONS.] *The prospective review and approval process does not apply to:*

(1) a major spending commitment to replace existing equipment with comparable equipment, if the old equipment will no longer be used in the state;

(2) a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school or by a federal or foundation grant, or clinical trials;

(3) a major spending commitment to repair, remodel, or replace existing buildings or fixtures if, in the judgment of the commissioner, the project does not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided; and

(4) mergers, acquisitions, and other changes in ownership or control that, in the judgment of the commissioner, do not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided.

(e) [NOTIFICATION REQUIRED FOR EXCEPTED MAJOR SPENDING COMMITMENT.] *A provider making a major spending commitment covered by paragraph (d) shall provide notification of the major spending commitment as provided under subdivision 4a.*

(f) [PENALTIES AND REMEDIES.] *The commissioner of health has the authority to issue fines, seek injunctions, and pursue other remedies as provided by law.*

Sec. 13. Minnesota Statutes 1992, section 62J.23, is amended by adding a subdivision to read:

Subd. 4. [INTEGRATED SERVICE NETWORKS.] *(a) The legislature finds that the formation and operation of integrated service networks will accomplish the purpose of the federal Medicare antikickback statute, which is to reduce the overutilization and overcharging that may result from inappropriate provider incentives. Accordingly, it is the public policy of the state of Minnesota to support the development of integrated service networks. The legislature finds that the federal Medicare antikickback laws should not be interpreted to interfere with the development of integrated service networks or to impose liability for arrangements between an integrated service network and its participating entities.*

(b) An arrangement between an integrated service network and any or all of its participating entities is not subject to liability under subdivisions 1 and 2.

Sec. 14. [62J.2911] [ANTITRUST EXCEPTIONS; PURPOSE.]

The legislature finds that the goals of controlling health care costs and improving the quality of and access to health care services will be significantly enhanced by cooperative arrangements involving providers or purchasers that might be prohibited by state and federal antitrust laws if undertaken without governmental involvement. The purpose of sections 62J.2911 to 62J.2921 is to create an opportunity for the state to review proposed arrangements and to substitute regulation for competition when an arrangement is likely to result in lower costs, or greater access or quality, than would otherwise occur in the marketplace. The legislature intends that approval of arrangements be accompanied by appropriate conditions, supervision, and regulation to protect against private abuses of economic power, and that an arrangement approved by the commissioner and accompanied by such appropriate conditions, supervision, and regulation shall not be subject to state and federal antitrust liability.

Sec. 15. [62J.2912] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *For purposes of sections 62J.2911 to 62J.2921, the terms defined in this section have the meanings given them.*

Subd. 2. [ACCESS.] *"Access" means the financial, temporal, and geographic availability of health care to individuals who need it.*

Subd. 3. [APPLICANT.] *"Applicant" means the party or parties to an agreement or business arrangement for which the commissioner's approval is sought under this section.*

Subd. 4. [COMMISSIONER.] *"Commissioner" means the commissioner of health.*

Subd. 5. [CONTESTED CASE.] *"Contested case" means a proceeding conducted by the office of administrative hearings under sections 14.57 to 14.62.*

Subd. 6. [COST OR COST OF HEALTH CARE.] *"Cost" or "cost of health care" means the amount paid by consumers or third party payers for health care services or products.*

Subd. 7. [CRITERIA.] *"Criteria" means the cost, access, and quality of health care.*

Subd. 8. [HEALTH CARE PRODUCTS.] *"Health care products" means durable medical equipment and "medical equipment" as defined in section 62J.17, subdivision 2, paragraph (g).*

Subd. 9. [HEALTH CARE SERVICE.] *"Health care service" has the meaning given in section 62J.17, subdivision 2, paragraph (e).*

Subd. 10. [PERSON.] *"Person" means an individual or legal entity.*

Sec. 16. [62J.2913] [SCOPE.]

Subdivision 1. [AVAILABILITY OF EXCEPTION.] *Providers or purchasers wishing to engage in contracts, business or financial arrangements, or other activities, practices, or arrangements that might be construed to be violations of state or federal antitrust laws but which are in the best interests of the state and further the policies and goals of this chapter may apply to the commissioner for an exception.*

Subd. 2. [ABSOLUTE DEFENSE.] *Approval by the commissioner is an absolute defense against any action under state and federal antitrust laws, except as provided under section 62J.2921, subdivision 5.*

Subd. 3. [APPLICATION CANNOT BE USED TO IMPOSE LIABILITY.] *The commissioner may ask the attorney general to comment on an application. The application and any information obtained by the commissioner under sections 62J.2914 to 62J.2916 that is not otherwise available is not admissible in any civil or criminal proceeding brought by the attorney general or any other person based on an antitrust claim, except:*

(1) a proceeding brought under section 62J.2921, subdivision 5, based on an applicant's failure to substantially comply with the terms of the application; or

(2) a proceeding based on actions taken by the applicant prior to submitting the application, where such actions are admitted to in the application.

Subd. 4. [OUT-OF-STATE APPLICANTS.] *Providers or purchasers not physically located in Minnesota are eligible to seek an exception for*

arrangements in which they transact business in Minnesota as defined in section 295.51.

Sec. 17. [62J.2914] [APPLICATION.]

Subdivision 1. [DISCLOSURE.] *An application for approval must include, to the extent applicable, disclosure of the following:*

(1) a descriptive title;

(2) a table of contents;

(3) exact names of each party to the application and the address of the principal business office of each party;

(4) the name, address, and telephone number of the persons authorized to receive notices and communications with respect to the application;

(5) a verified statement by a responsible officer of each party to the application attesting to the accuracy and completeness of the enclosed information;

(6) background information relating to the proposed arrangement, including:

(i) a description of the proposed arrangement, including a list of any services or products that are the subject of the proposed arrangement;

(ii) an identification of any tangential services or products associated with the services or products that are the subject of the proposed arrangement;

(iii) a description of the geographic territory involved in the proposed arrangement;

(iv) if the geographic territory described in item (iii), is different from the territory in which the applicants have engaged in the type of business at issue over the last five years, a description of how and why the geographic territory differs;

(v) identification of all products or services that a substantial share of consumers would consider substitutes for any service or product that is the subject of the proposed arrangement;

(vi) identification of whether any services or products of the proposed arrangement are currently being offered, capable of being offered, utilized, or capable of being utilized by other providers or purchasers in the geographic territory described in item (iii);

(vii) identification of the steps necessary, under current market and regulatory conditions, for other parties to enter the territory described in item (iii) and compete with the applicant;

(viii) a description of the previous history of dealings between the parties to the application;

(ix) a detailed explanation of the projected effects, including expected volume, change in price, and increased revenue, of the arrangement on each party's current businesses, both generally as well as the aspects of the business directly involved in the proposed arrangement;

(x) the present market share of the parties to the application and of others affected by the proposed arrangement, and projected market shares after implementation of the proposed arrangement;

(xi) a statement of why the projected levels of cost, access, or quality could not be achieved in the existing market without the proposed arrangement; and

(xii) an explanation of how the arrangement relates to any Minnesota health care commission or applicable regional coordinating board plans for delivery of health care; and

(7) a detailed explanation of how the transaction will affect cost, access, and quality. The explanation must address the factors in section 62J.2917, subdivision 2, paragraphs (b) to (d), to the extent applicable.

Subd. 2. [STATE REGISTER NOTICE.] *In addition to the disclosures required in subdivision 1, the application must contain a written description of the proposed arrangement for purposes of publication in the State Register. The notice must include sufficient information to advise the public of the nature of the proposed arrangement and to enable the public to provide meaningful comments concerning the expected results of the arrangement. The notice must also state that any person may provide written comments to the commissioner, with a copy to the applicant, within 20 days of the notice's publication. The commissioner shall approve the notice before publication. If the commissioner determines that the submitted notice does not provide sufficient information, the commissioner may amend the notice before publication and may consult with the applicant in preparing the amended notice. The commissioner shall not publish an amended notice without the applicant's approval.*

Subd. 3. [MULTIPLE PARTIES TO A PROPOSED ARRANGEMENT.] *For a proposed arrangement involving multiple parties, one joint application must be submitted on behalf of all parties to the arrangement.*

Subd. 4. [FILING FEE.] *An application must be accompanied by a filing fee, which must be deposited in the health care access fund. The total of the deposited application fees is appropriated annually to the commissioner to administer the antitrust exceptions program. The filing fee is $1,000 for any application submitted by parties whose combined gross revenues exceeded $20 million in the most recent calendar or fiscal year for which such figures are available. The filing fee for all other applications is $250.*

Subd. 5. [TRADE SECRET INFORMATION; PROTECTION.] *Trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), must be protected to the extent required under chapter 13.*

Subd. 6. [COMMISSIONER'S AUTHORITY TO REFUSE TO REVIEW.] *(a) If the commissioner determines that an application is unclear, incomplete, or provides an insufficient basis on which to base a decision, the commissioner may return the application. The applicant may complete or revise the application and resubmit it.*

(b) If, upon review of the application and upon advice from the attorney general, the commissioner concludes that the proposed arrangement does not present any potential for liability under the state or federal antitrust laws, the commissioner may decline to review the application and so notify the applicant.

(c) The commissioner may decline to review any application relating to arrangements already in effect before the submission of the application. However, the commissioner shall review any application if the review is expressly provided for in a settlement agreement entered into before the enactment of this section by the applicant and the attorney general.

Subd. 7. [COMMISSIONER'S AUTHORITY TO EXTEND TIME LIMIT.] *Upon the showing of good cause, the commissioner may extend any of the time limits stated in sections 62J.2915 and 62J.2916 at the request of the applicant or another person.*

Sec. 18. [62J.2915] [NOTICE AND COMMENT.]

Subdivision 1. [NOTICE.] *The commissioner shall cause the notice described in section 62J.2914, subdivision 2, to be published in the State Register and sent to the Minnesota health care commission, the regional coordinating boards for any regions that include all or part of the territory covered by the proposed arrangement, and any person who has requested to be placed on a list to receive notice of applications. The commissioner may maintain separate notice lists for different regions of the state. The commissioner may also send a copy of the notice to any person together with a request that the person comment as provided under subdivision 2. Copies of the request must be provided to the applicant.*

Subd. 2. [COMMENTS.] *Within 20 days after the notice is published, any person may mail to the commissioner written comments with respect to the application. Within 30 days after the notice is published, the Minnesota health care commission or any regional coordinating board may mail to the commissioner comments with respect to the application. Persons submitting comments shall provide a copy of the comments to the applicant. The applicant may mail to the commissioner written responses to any comments within ten days after the deadline for mailing such comments. The applicant shall send a copy of the response to the person submitting the comment.*

Sec. 19. [62J.2916] [PROCEDURE FOR REVIEW OF APPLICATIONS.]

Subdivision 1. [CHOICE OF PROCEDURES.] *After the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall select one of the three procedures provided in subdivision 2. In determining which procedure to use, the commissioner shall consider the following criteria:*

(1) the size of the proposed arrangement, in terms of number of parties and amount of money involved;

(2) the complexity of the proposed arrangement;

(3) the novelty of the proposed arrangement;

(4) the substance and quantity of the comments received;

(5) any comments received from the Minnesota health care commission or regional coordinating boards; and

(6) the presence or absence of any significant gaps in the factual record.

If the applicant demands a contested case hearing no later than the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall not select a

procedure. Instead, the applicant shall be given a contested case proceeding as a matter of right.

Subd. 2. [PROCEDURES AVAILABLE.] *(a)* [DECISION ON THE WRITTEN RECORD.] *The commissioner may issue a decision based on the application, the comments, and the applicant's responses to the comments, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.*

(b) [LIMITED HEARING.] *(1) The commissioner may order a limited hearing. A copy of the order must be mailed to the applicant and to all persons who have submitted comments or requested to be kept informed of the proceedings involving the application. The order must state the date, time, and location of the limited hearing and must identify specific issues to be addressed at the limited hearing. The issues may include the feasibility and desirability of one or more alternatives to the proposed arrangement. The order must require the applicant to submit written evidence, in the form of affidavits and supporting documents, addressing the issues identified, within 20 days after the date of the order. The order shall also state that any person may arrange to receive a copy of the written evidence from the commissioner, at the person's expense, and may provide written comments on the evidence within 40 days after the date of the order. A person providing written comments shall provide a copy of the comments to the applicant.*

(2) The limited hearing must be held before the commissioner or department of health staff member designated by the commissioner. The commissioner or the commissioner's designee shall question the applicant about the evidence submitted by the applicant. The questions may address relevant issues identified in the comments submitted in response to the written evidence or identified by department of health staff or brought to light by department of health data. At the conclusion of the applicant's responses to the questions, any person who submitted comments about the applicant's written evidence may make a statement addressing the applicant's responses to the questions. The commissioner or the commissioner's designee may ask questions of any person making a statement. At the conclusion of all statements, the applicant may make a closing statement.

(3) The commissioner's decision after a limited hearing must be based upon the application, the comments, the applicant's response to the comments, the applicant's written evidence, the comments in response to the written evidence, and the information presented at the limited hearing, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.

(c) [CONTESTED CASE HEARING.] *The commissioner may order a contested case hearing. A contested case hearing shall be tried before an administrative law judge who shall issue a written recommendation to the commissioner and shall follow the procedures in sections 14.57 to 14.62. All factual issues relevant to a decision must be presented in the contested case. The attorney general may appear as a party. Additional parties may appear to the extent permitted under sections 14.57 to 14.62. The record in the contested case includes the application, the comments, the applicant's response to the comments, and any other evidence that is part of the record under sections 14.57 to 14.62.*

Sec. 20. [62J.2917] [CRITERIA FOR DECISION.]

Subdivision 1. [CRITERIA.] *The commissioner shall not approve an application unless the commissioner determines that the arrangement is more likely to result in lower costs, increased access, or increased quality of health care, than would otherwise occur under existing market conditions or conditions likely to develop without an exemption from state and federal antitrust law. In the event that a proposed arrangement appears likely to improve one or two of the criteria at the expense of another one or two of the criteria, the commissioner shall not approve the application unless the commissioner determines that the proposed arrangement, taken as a whole, is likely to substantially further the purpose of this chapter. In making such a determination, the commissioner may employ a cost/benefit analysis.*

Subd. 2. [FACTORS.] *(a)* [GENERALLY APPLICABLE FACTORS.] *In making a determination about cost, access, and quality, the commissioner may consider the following factors, to the extent relevant:*

(1) whether the proposal is compatible with the cost containment plan or other plan of the Minnesota health care commission or the applicable regional plans of the regional coordinating boards;

(2) market structure:

(i) actual and potential sellers and buyers, or providers and purchasers;

(ii) actual and potential consumers;

(iii) geographic market area; and

(iv) entry conditions;

(3) current market conditions;

(4) the historical behavior of the market;

(5) performance of other, similar arrangements;

(6) whether the proposal unnecessarily restrains competition or restrains competition in ways not reasonably related to the purposes of this chapter; and

(7) the financial condition of the applicant.

(b) [COST.] *The commissioner's analysis of cost must focus on the individual consumer of health care. Cost savings to be realized by providers, health carriers, group purchasers, or other participants in the health care system are relevant only to the extent that the savings are likely to be passed on to the consumer. However, where an application is submitted by providers or purchasers who are paid primarily by third party payers unaffiliated with the applicant, it is sufficient for the applicant to show that cost savings are likely to be passed on to the unaffiliated third party payers; the applicants do not have the burden of proving that third party payers with whom the applicants are not affiliated will pass on cost savings to individuals receiving coverage through the third party payers. In making determinations as to costs, the commissioner may consider:*

(1) the cost savings likely to result to the applicant;

(2) the extent to which the cost savings are likely to be passed on to the consumer and in what form;

(3) the extent to which the proposed arrangement is likely to result in cost shifting by the applicant onto other payers or purchasers of other products or services;

(4) the extent to which the cost shifting by the applicant is likely to be followed by other persons in the market;

(5) the current and anticipated supply and demand for any products or services at issue;

(6) the representations and guarantees of the applicant and their enforceability;

(7) likely effectiveness of regulation by the commissioner;

(8) inferences to be drawn from market structure;

(9) the cost of regulation, both for the state and for the applicant; and

(10) any other factors tending to show that the proposed arrangement is or is not likely to reduce cost.

(c) [ACCESS.] *In making determinations as to access, the commissioner may consider:*

(1) the extent to which the utilization of needed health care services or products by the intended targeted population is likely to increase or decrease. When a proposed arrangement is likely to increase access in one geographic area, by lowering prices or otherwise expanding supply, but limits access in another geographic area by removing service capabilities from that second area, the commissioner shall articulate the criteria employed to balance these effects;

(2) the extent to which the proposed arrangement is likely to make available a new and needed service or product to a certain geographic area; and

(3) the extent to which the proposed arrangement is likely to otherwise make health care services or products more financially or geographically available to persons who need them.

If the commissioner determines that the proposed arrangement is likely to increase access and bases that determination on a projected increase in utilization, the commissioner shall also determine and make a specific finding that the increased utilization does not reflect overutilization.

(d) [QUALITY.] *In making determinations as to quality, the commissioner may consider the extent to which the proposed arrangement is likely to:*

(1) decrease morbidity and mortality;

(2) result in faster convalescence;

(3) result in fewer hospital days;

(4) permit providers to attain needed experience or frequency of treatment, likely to lead to better outcomes;

(5) increase patient satisfaction; and

(6) have any other features likely to improve or reduce the quality of health care.

Sec. 21. [62J.2918] [DECISION.]

Subdivision 1. [APPROVAL OR DISAPPROVAL.] *The commissioner shall issue a written decision approving or disapproving the application. The commissioner may condition approval on a modification of all or part of the proposed arrangement to eliminate any restriction on competition that is not reasonably related to the goals of reducing cost or improving access or quality. The commissioner may also establish conditions for approval that are reasonably necessary to protect against abuses of private economic power and to ensure that the arrangement is appropriately supervised and regulated by the state.*

Subd. 2. [FINDINGS OF FACT.] *The commissioner's decision shall make specific findings of fact concerning the cost, access, and quality criteria, and identify one or more of those criteria as the basis for the decision.*

Subd. 3. [DATA FOR SUPERVISION.] *A decision approving an application must require the periodic submission of specific data relating to cost, access, and quality, and to the extent feasible, identify objective standards of cost, access, and quality by which the success of the arrangement will be measured. However, if the commissioner determines that the scope of a particular proposed arrangement is such that the arrangement is certain to have neither a positive or negative impact on one or two of the criteria, the commissioner's decision need not require the submission of data or establish an objective standard relating to those criteria.*

Sec. 22. [62J.2919] [APPEAL.]

After the commissioner has rendered a decision, the applicant or any other person aggrieved may appeal the decision to the Minnesota court of appeals within 30 days after receipt of the commissioner's decision. The appeal is governed by sections 14.63 to 14.69. The appellate process does not include a contested case under sections 14.57 to 14.62. The commissioner's determination, under section 62J.2916, subdivision 1, of which procedure to use may not be raised as an issue on appeal.

Sec. 23. [62J.2920] [SUPERVISION AFTER APPROVAL.]

Subdivision 1. [APPROPRIATE SUPERVISION.] *The commissioner shall appropriately supervise, monitor, and regulate approved arrangements.*

Subd. 2. [PROCEDURES.] *The commissioner shall review data submitted periodically by the applicant. The commissioner's order shall set forth the time schedule for the submission of data, which shall be at least once a year. The commissioner's order must identify the data that must be submitted, although the commissioner may subsequently require the submission of additional data or alter the time schedule. Upon review of the data submitted, the commissioner shall notify the applicant of whether the arrangement is in compliance with the commissioner's order. If the arrangement is not in compliance with the commissioner's order, the commissioner shall identify those respects in which the arrangement does not conform to the commissioner's order.*

An applicant receiving notification that an arrangement is not in compliance has 30 days in which to respond with additional data. The response may include a proposal and a time schedule by which the applicant will bring the arrangement into compliance with the commissioner's order. If the arrangement is not in compliance and the commissioner and the applicant cannot

agree to the terms of bringing the arrangement into compliance, the matter shall be set for a contested case hearing.

The commissioner shall publish notice in the State Register two years after the date of an order approving an application, and at two-year intervals thereafter, soliciting comments from the public concerning the impact that the arrangement has had on cost, access, and quality. The commissioner may request additional oral or written information from the applicant or from any other source.

Subd. 3. [STUDY.] *The commissioner shall study and make recommendations by January 15, 1995, on the appropriate length and scope of supervision of arrangements approved for exemption from the antitrust laws.*

Sec. 24. [62J.2921] [REVOCATION.]

Subdivision 1. [CONDITIONS.] *The commissioner may revoke approval of a cooperative arrangement only if:*

(1) the arrangement is not in substantial compliance with the terms of the application;

(2) the arrangement is not in substantial compliance with the conditions of approval;

(3) the arrangement has not and is not likely to substantially achieve the improvements in cost, access, or quality identified in the approval order as the basis for the commissioner's approval of the arrangement; or

(4) the conditions in the marketplace have changed to such an extent that competition would promote reductions in cost and improvements in access and quality better than does the arrangement at issue. In order to revoke on the basis that conditions in the marketplace have changed, the commissioner's order must identify specific changes in the marketplace and articulate why those changes warrant revocation.

Subd. 2. [NOTICE.] *The commissioner shall begin a proceeding to revoke approval by providing written notice to the applicant describing in detail the basis for the proposed revocation. Notice of the proceeding must be published in the State Register and submitted to the Minnesota health care commission and the applicable regional coordinating boards. The notice must invite the submission of comments to the commissioner.*

Subd. 3. [PROCEDURE.] *A proceeding to revoke an approval must be conducted as a contested case proceeding upon the written request of the applicant. Decisions of the commissioner in a proceeding to revoke approval are subject to judicial review under sections 14.63 to 14.69.*

Subd. 4. [ALTERNATIVES TO REVOCATION PREFERRED.] *In deciding whether to revoke an approval, the commissioner shall take into account the hardship that the revocation may impose on the applicant and any potential disruption of the market as a whole. The commissioner shall not revoke an approval if the arrangement can be modified, restructured, or regulated so as to remedy the problem upon which the revocation proceeding is based. The applicant may submit proposals for alternatives to revocation. Before approving an alternative to revocation that involves modifying or restructuring an arrangement, the commissioner shall publish notice in the State Register that any person may comment on the proposed modification or restructuring within 20 days after publication of the notice. The commissioner*

shall not approve the modification or restructuring until the comment period has concluded. An approved modified or restructured arrangement is subject to appropriate supervision under section 62J.2920.

Subd. 5. [IMPACT OF REVOCATION.] *An applicant that has had its approval revoked is not required to terminate the arrangement. The applicant cannot be held liable under state or federal antitrust law for acts that occurred while the approval was in effect, except to the extent that the applicant failed to substantially comply with the terms of its application or failed to substantially comply with the terms of the approval. The applicant is fully subject to state and federal antitrust law after the revocation becomes effective and may be held liable for acts that occur after the revocation.*

Sec. 25. [UNIVERSAL COVERAGE PLAN.]

The health care commission shall develop and submit to the legislature and the governor by December 15, 1993, a comprehensive plan that will lead to universal health coverage for all Minnesotans by January 1, 1997. The plan must include an implementation plan and time schedule for the coordinated phasing in of health insurance reforms, including the expansion of community rating and the phasing out of underwriting restrictions, changes or expansions in government programs, and other actions recommended by the commission. The plan must also include annual targets for expanding coverage to uninsured persons and populations and periodic evaluations of the progress being made toward achieving annual targets and universal coverage.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; and 62J.29, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 1 to 24 are effective the day following final enactment. Sections 9 to 12 apply retroactively to any major spending commitment entered into after April 1, 1992, except that the requirements of section 62J.17, subdivision 4a, paragraph (a), that a report be submitted within 60 days after a major spending commitment and that a report include the items specifically listed are not retroactive.

ARTICLE 7

SMALL EMPLOYER INSURANCE REFORM

Section 1. Minnesota Statutes 1992, section 62L.02, subdivision 19, is amended to read:

Subd. 19. [LATE ENTRANT.] "Late entrant" means an eligible employee or dependent who requests enrollment in a health benefit plan of a small employer following the initial enrollment period applicable to the employee or dependent under the terms of the health benefit plan, provided that the initial enrollment period must be a period of at least 30 days. However, an eligible employee or dependent must not be considered a late entrant if:

(1) the individual was covered under qualifying existing coverage at the time the individual was eligible to enroll in the health benefit plan, declined enrollment on that basis, and presents to the carrier a certificate of termination

of the qualifying prior coverage, *due to loss of eligibility for that coverage,* provided that the individual maintains continuous coverage. *For purposes of this clause, eligibility for prior coverage does not include eligibility for continuation coverage required under state or federal law;*

(2) the individual has lost coverage under another group health plan due to the expiration of benefits available under the Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law Number 99-272, as amended, and any state continuation laws applicable to the employer or carrier, provided that the individual maintains continuous coverage;

(3) the individual is a new spouse of an eligible employee, provided that enrollment is requested within 30 days of becoming legally married;

(4) the individual is a new dependent child of an eligible employee, provided that enrollment is requested within 30 days of becoming a dependent;

(5) the individual is employed by an employer that offers multiple health benefit plans and the individual elects a different plan during an open enrollment period; or

(6) a court has ordered that coverage be provided for a dependent child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order.

Sec. 2. Minnesota Statutes 1992, section 62L.02, subdivision 26, is amended to read:

Subd. 26. [SMALL EMPLOYER.] "Small employer" means a person, firm, corporation, partnership, association, or other entity actively engaged in business who, on at least 50 percent of its working days during the preceding calendar year, employed no fewer than two nor more than 29 eligible employees, the majority of whom were employed in this state. ~~If a small employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other, except that~~ *If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.* A small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two employees ~~or the employees are family members~~. Entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer for purposes of determining the number of eligible employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of this chapter continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. Where an association, described in section 62A.10, subdivision 1, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association ~~may elect to~~ *shall* be considered to be a small employer, *with respect to those employers in the association that employ no fewer than two nor more than 29 eligible employees,* even though the association provides coverage to ~~more than 29 employees of its members, so long as each employer that is provided coverage through the association~~

~~qualifies as a small employer. An association's election to be considered a small employer under this section is not effective unless filed with the commissioner of commerce. The association may revoke its election at any time by filing notice of revocation with the commissioner.~~ *its members that do not qualify as small employers. An association in existence prior to July 1, 1993, is exempt from this chapter with respect to small employers that are members as of that date. However, in providing coverage to new groups after July 1, 1993, the existing association must comply with all requirements of chapter 62L. Existing associations must register with the commissioner of commerce prior to July 1, 1993. If an employer has employees covered under a trust established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, those employees are excluded in determining whether the employer qualifies as a small employer.*

Sec. 3. Minnesota Statutes 1992, section 62L.02, subdivision 27, is amended to read:

Subd. 27. [SMALL EMPLOYER MARKET.] (a) "Small employer market" means the market for health benefit plans for small employers.

(b) A health carrier is considered to be participating in the small employer market if the carrier offers, sells, issues, or renews a health benefit plan to: (1) any small employer; or (2) the eligible employees of a small employer offering a health benefit plan if, with the knowledge of the health carrier, ~~both~~ *either* of the following conditions ~~are~~ *is* met:

(i) any portion of the premium or benefits is paid for or reimbursed by a small employer; ~~and~~ *or*

(ii) the health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of the Internal Revenue Code, section 106, 125, or 162.

Sec. 4. Minnesota Statutes 1992, section 62L.03, subdivision 3, is amended to read:

Subd. 3. [MINIMUM PARTICIPATION *AND CONTRIBUTION.*] (a) A small employer that has at least 75 percent of its eligible employees who have not waived coverage participating in a health benefit plan *and that contributes at least 50 percent toward the cost of coverage of eligible employees* must be guaranteed coverage from any health carrier participating in the small employer market. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. A health carrier may not increase the participation requirements applicable to a small employer at any time after the small employer has been accepted for coverage. For the purposes of this subdivision, waiver of coverage includes only waivers due to coverage under another group health plan.

~~(b) A health carrier may require that small employers contribute a specified minimum percentage toward the cost of the coverage of eligible employees, so long as the requirement is uniformly applied for all small employers~~

(b) If a small employer does not satisfy the contribution or participation requirements under this subdivision, a health carrier may voluntarily issue or renew individual coverage or a health benefit plan which, except for guaranteed issue, must fully comply with this chapter. A health carrier that

provides group coverage to a small employer that does not meet the contribution or participation requirements of this subdivision must maintain this information in its files for audit by the commissioner. A health carrier may not offer individual coverage, purchased through an arrangement between the employer and the health carrier, to any employee unless the health carrier also offers coverage, on a guaranteed issue basis, to all other employees of the same employer.

~~For the small employer plans, a health carrier must require that small employers contribute at least 50 percent of the cost of the coverage of eligible employees. The health carrier must impose this requirement on a uniform basis for both small employer plans and for all small employers.~~

(c) Nothing in this section obligates a health carrier to issue coverage to a small employer that currently offers coverage through a health benefit plan from another health carrier, unless the new coverage will replace the existing coverage and not serve as one of two or more health benefit plans offered by the employer.

Sec. 5. Minnesota Statutes 1992, section 62L.03, subdivision 4, is amended to read:

Subd. 4. [UNDERWRITING RESTRICTIONS.] Health carriers may apply underwriting restrictions to coverage for health benefit plans for small employers, including any preexisting condition limitations, only as expressly permitted under this chapter. *For purposes of this subdivision, "underwriting restrictions" means any refusal of the health carrier to issue or renew coverage, any premium rate higher than the lowest rate charged by the health carrier for the same coverage, or any preexisting condition limitation or exclusion.* Health carriers may collect information relating to the case characteristics and demographic composition of small employers, as well as health status and health history information about employees of small employers. Except as otherwise authorized for late entrants, preexisting conditions may be excluded by a health carrier for a period not to exceed 12 months from the effective date of coverage of an eligible employee or dependent. When calculating a preexisting condition limitation, a health carrier shall credit the time period an eligible employee or dependent was previously covered by qualifying prior coverage, provided that the individual maintains continuous coverage. Late entrants may be subject to a preexisting condition limitation not to exceed 18 months from the effective date of coverage of the late entrant. Late entrants may also be excluded from coverage for a period not to exceed 18 months, provided that if a health carrier imposes an exclusion from coverage and a preexisting condition limitation, the combined time period for both the coverage exclusion and preexisting condition limitation must not exceed 18 months. *A health carrier shall, at the time of first issuance or renewal of a health benefit plan on or after July 1, 1993, credit against any preexisting condition limitation or exclusion permitted under this section, the time period prior to July 1, 1993, during which an eligible employee or dependent was covered by qualifying existing coverage or qualifying prior coverage, if the person has maintained continuous coverage.*

Sec. 6. Minnesota Statutes 1992, section 62L.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY OF CHAPTER REQUIREMENTS.] Beginning July 1, 1993, health carriers participating in the small employer market must offer and make available any health benefit plan that they offer,

including both of the small employer plans provided in section 62L.05, to all small employers who satisfy the small employer participation *and contribution* requirements specified in this chapter. Compliance with these requirements is required as of the first renewal date of any small employer group occurring after July 1, 1993. For new small employer business, compliance is required as of the first date of offering occurring after July 1, 1993.

Compliance with these requirements is required as of the first renewal date occurring after July 1, 1994, with respect to employees of a small employer who had been issued individual coverage prior to July 1, 1993, administered by the health carrier on a group basis. Notwithstanding any other law to the contrary, the health carrier shall *offer to* terminate any individual coverage for employees of small employers who satisfy the small employer participation requirements specified in section 62L.03 and offer to replace it with a health benefit plan. If the employer elects not to purchase a health benefit plan, the health carrier must offer all covered employees and dependents the option of maintaining their current coverage, administered on an individual basis, or replacement individual coverage. Small employer and replacement individual coverage provided under this subdivision must be without application of underwriting restrictions, provided continuous coverage is maintained.

Sec. 7. Minnesota Statutes 1992, section 62L.05, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIBLE-TYPE SMALL EMPLOYER PLAN.] The benefits of the deductible-type small employer plan offered by a health carrier must be equal to 80 percent of the ~~eligible~~ charges, *as specified in subdivision 10,* for health care services, supplies, or other articles covered under the small employer plan, in excess of an annual deductible which must be $500 per individual and $1,000 per family.

Sec. 8. Minnesota Statutes 1992, section 62L.05, subdivision 3, is amended to read:

Subd. 3. [COPAYMENT-TYPE SMALL EMPLOYER PLAN.] The benefits of the copayment-type small employer plan offered by a health carrier must be equal to 80 percent of the ~~eligible~~ charges, *as specified in subdivision 10,* for health care services, supplies, or other articles covered under the small employer plan, in excess of the following copayments:

(1) $15 per outpatient visit, ~~other than~~ *including visits to an urgent care center but not including visits* to a hospital outpatient department or emergency room, ~~urgent care center,~~ or similar facility;

(2) $15 per ~~day~~ *visit* for the services of a home health agency or private duty registered nurse;

(3) $50 per outpatient visit to a hospital outpatient department or emergency room, ~~urgent care center,~~ or similar facility; and

(4) $300 per inpatient admission to a hospital.

Sec. 9. Minnesota Statutes 1992, section 62L.05, subdivision 4, is amended to read:

Subd. 4. [BENEFITS.] The medical services and supplies listed in this subdivision are the benefits that must be covered by the small employer plans described in subdivisions 2 and 3~~.~~. *Benefits under this subdivision may be provided through the managed care procedures practiced by health carriers.*

(1) inpatient and outpatient hospital services, excluding services provided for the diagnosis, care, or treatment of chemical dependency or a mental illness or condition, other than those conditions specified in clauses (10), (11), and (12). *The health care services required to be covered under this clause must also be covered if rendered in a nonhospital environment, on the same basis as coverage provided for those same treatments or services if rendered in a hospital, provided, however, that this sentence must not be interpreted as expanding the types or extent of services covered*;

(2) physician, *chiropractor,* and nurse practitioner services for the diagnosis or treatment of illnesses, injuries, or conditions;

(3) diagnostic X-rays and laboratory tests;

(4) ground transportation provided by a licensed ambulance service to the nearest facility qualified to treat the condition, or as otherwise required by the health carrier;

(5) services of a home health agency if the services qualify as reimbursable services under Medicare ~~and are directed by a physician or qualify as reimbursable under the health carrier's most commonly sold health plan for insured group coverage~~;

(6) services of a private duty registered nurse if medically necessary, as determined by the health carrier;

(7) the rental or purchase, as appropriate, of durable medical equipment, other than eyeglasses and hearing aids;

(8) child health supervision services up to age 18, as defined in section 62A.047;

(9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;

(10) inpatient hospital and outpatient services for the diagnosis and treatment of certain mental illnesses or conditions, as defined by the International Classification of Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified as ICD-9 codes 295 to 299;

(11) ten hours per year of outpatient mental health diagnosis or treatment for illnesses or conditions not described in clause (10);

(12) 60 hours per year of outpatient treatment of chemical dependency; and

(13) 50 percent of eligible charges for prescription drugs, up to a separate annual maximum out-of-pocket expense of $1,000 per individual for prescription drugs, and 100 percent of eligible charges thereafter.

Sec. 10. Minnesota Statutes 1992, section 62L.05, subdivision 6, is amended to read:

Subd. 6. [CHOICE PRODUCTS EXCEPTION.] Nothing in subdivision 1 prohibits a health carrier from offering a small employer plan which provides for different benefit coverages based on whether the benefit is provided through a primary network of providers or through a secondary network of providers so long as the benefits provided in the primary network equal the benefit requirements of the small employer plan as described in this section. For purposes of products issued under this subdivision, out-of-pocket costs in the secondary network may exceed the out-of-pocket limits described in

subdivision 1. *A secondary network must not be used to provide "benefits in addition" as defined in subdivision 5, except in compliance with that subdivision.*

Sec. 11. Minnesota Statutes 1992, section 62L.08, subdivision 4, is amended to read:

Subd. 4. [GEOGRAPHIC PREMIUM VARIATIONS.] A health carrier may request approval by the commissioner to establish no more than three geographic regions and to establish separate index rates for each region, provided that the index rates do not vary between any two regions by more than 20 percent. *Health carriers that do not do business in the Minneapolis/St. Paul metropolitan area may request approval for no more than two geographic regions, and clauses (2) and (3) do not apply to approval of requests made by those health carriers. A health carrier may also request approval to establish one additional geographic region and a separate index rate for premiums for employees residing outside of Minnesota, and that index rate must not be more than 30 percent higher than the next highest index rate.* The commissioner may grant approval if the following conditions are met:

(1) the geographic regions must be applied uniformly by the health carrier;

(2) one geographic region must be based on the Minneapolis/St. Paul metropolitan area;

(3) if one geographic region is rural, the index rate for the rural region must not exceed the index rate for the Minneapolis/St. Paul metropolitan area;

(4) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

Sec. 12. Minnesota Statutes 1992, section 62L.08, subdivision 8, is amended to read:

Subd. 8. [FILING REQUIREMENT.] No later than July 1, 1993, and each year thereafter, a health carrier that offers, sells, issues, or renews a health benefit plan for small employers shall file with the commissioner the index rates and must demonstrate that all rates shall be within the rating restrictions defined in this chapter. Such demonstration must include the allowable range of rates from the index rates and a description of how the health carrier intends to use demographic factors including case characteristics in calculating the premium rates. *The rates shall not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect, actuarially valid changes in risk associated with the enrollee population, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549. For premium rates proposed to go into effect between July 1, 1993, and December 31, 1993, the pertinent growth rate is the growth rate applied under section 62J.04, subdivision 1, paragraph (b), to calendar year 1994. As provided in section 62A.65, subdivision 3, this subdivision applies to the individual market, as well as to the small employer market.*

Sec. 13. Minnesota Statutes 1992, section 62L.09, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO COMMISSIONER.] A health carrier electing to cease doing business in the small employer market shall notify the commissioner 180 days prior to the effective date of the cessation. ~~The cessation of business does not include the failure of a health carrier to offer or issue new business in the small employer market or continue an existing product line, provided that a health carrier does not terminate, cancel, or fail to renew its current small employer business or other product lines.~~ *The health carrier shall simultaneously provide a copy of the notice to each small employer covered by a health benefit plan issued by the health carrier.*

Upon making the notification, the health carrier shall not offer or issue new business in the small employer market. The health carrier shall renew its current small employer business due for renewal within 120 days after the date of the notification but shall not renew any small employer business more than 120 days after the date of the notification.

A health carrier that elects to cease doing business in the small employer market shall continue to be governed by this chapter with respect to any continuing small employer business conducted by the health carrier.

Sec. 14. Minnesota Statutes 1992, section 62L.11, subdivision 1, is amended to read:

Subdivision 1. [DISCIPLINARY PROCEEDINGS.] The commissioner may, by order, suspend or revoke a health carrier's license or certificate of authority and impose a monetary penalty not to exceed $25,000 for each violation of this chapter~~, including~~. *Violations include* the failure to pay an assessment required by section 62L.22, *and knowingly and willfully encouraging a small employer to not meet the contribution or participation requirements of section 62L.03, subdivision 3, in order to avoid the requirements of this chapter*. The notice, hearing, and appeal procedures specified in section 60A.051 or 62D.16, as appropriate, apply to the order. The order is subject to judicial review as provided under chapter 14.

Sec. 15. [PHASE-IN.]

Subdivision 1. [COMPLIANCE.] *No health carrier, as defined in Minnesota Statutes, section 62L.02, shall renew any health benefit plan, as defined in Minnesota Statutes, section 62L.02, except in compliance with this section.*

Subd. 2. [PREMIUM ADJUSTMENTS.] *(a) Any increase or decrease in premiums by a health carrier that is caused by Minnesota Statutes, section 62L.08, and that is greater than 30 percent, is subject to this subdivision. A health carrier shall determine renewal premiums only as follows:*

(1) one-half of that premium increase or decrease may be charged upon the first renewal of the coverage on or after July 1, 1993; and

(2) the remaining one-half of that premium increase or decrease may be charged upon the renewal of the coverage one year after the date of the renewal under clause (1).

(b) For purposes of this subdivision, the premium increase or decrease is the total premium increase or decrease caused by section 62L.08 and not just the portion that exceeds 30 percent. This subdivision does not apply to any portion of a premium increase or decrease that is not caused by section 62L.08.

Sec. 16. [REPEALER.]

Minnesota Statutes 1992, section 62L.09, subdivision 2, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective July 1, 1993.

ARTICLE 8

INDIVIDUAL MARKET REFORM; MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 43A.317, subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ELIGIBILITY.] (a) [PROCEDURES.] All employers are eligible for coverage through the program subject to the terms of this subdivision. The commissioner shall establish procedures for an employer to apply for coverage through the program.

(b) [TERM.] The initial term of an employer's coverage will be two years from the effective date of the employer's application. After that, coverage will be automatically renewed for additional two-year terms unless the employer gives notice of withdrawal from the program according to procedures established by the commissioner or the commissioner gives notice to the employer of the discontinuance of the program. The commissioner may establish conditions under which an employer may withdraw from the program prior to the expiration of a two-year term, including by reason of a midyear increase in health coverage premiums of 50 percent or more. An employer that withdraws from the program may not reapply for coverage for a period of two years from its date of withdrawal.

(c) [MINNESOTA WORK FORCE.] An employer is not eligible for coverage through the program if five percent or more of its eligible employees work primarily outside Minnesota, except that an employer may apply to the program on behalf of only those employees who work primarily in Minnesota.

(d) [EMPLOYEE PARTICIPATION; AGGREGATION OF GROUPS.] An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the commissioner.

(e) [PRIVATE EMPLOYER.] A private employer is not eligible for coverage unless it has two or more eligible employees in the state of Minnesota. ~~If an employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other.~~ *If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.*

(f) [MINIMUM PARTICIPATION.] The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this

section, waiver of coverage includes only waivers due to coverage under another group health benefit plan.

(g) [EMPLOYER CONTRIBUTION.] The commissioner must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) [ENROLLMENT CAP.] The commissioner may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Sec. 2. Minnesota Statutes 1992, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, ~~a~~ health care ~~policy form or certificate form~~ *policies or certificates* shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the ~~policy form or certificate form~~ *policies or certificates* can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the ~~policy form or certificate form~~ *policies or certificates*, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27, *calculated on an aggregate basis*; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of ~~policies~~ *each policy form or certificate form* issued in the individual market~~,~~; calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. ~~A health carrier shall demonstrate that the third-year loss ratio is greater than or equal to the applicable percentage.~~ Assessments by the reinsurance association created in chapter 62L and any types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for ~~policy forms~~ *policies* and ~~certificate forms~~ *certificates* issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, *beginning on July 1, 1994*, until an ~~80~~ *82* percent loss ratio is reached on July 1, ~~1998~~ *2000*. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, *beginning on July 1, 1994*, until a ~~70~~ *72* percent loss ratio is reached on July 1, ~~1998~~ *2000*. *A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period.* Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

Notwithstanding section 645.26, any act enacted at the 1992 regular

legislative session that amends or repeals section 62A.135 or that otherwise changes the loss ratios provided in that section is void.

All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. ~~An expected third-year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policy forms or certificate forms in force less than three years.~~ If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

For purposes of this section, (1) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (2) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

Sec. 3. [62A.61] [DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.]

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

(1) the frequency of the determination of usual and customary fees;

(2) a general description of the methodology used to determine usual and customary fees; and

(3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to the Minnesota health care commission, the commissioner of health, or the commissioner of commerce, upon request.

(c) The commissioner of health or the commissioner of commerce, as appropriate, may use to enforce this section any enforcement powers otherwise available to the commissioner with respect to the health carrier. The appropriate commissioner shall enforce compliance with a request made under this section by the Minnesota health care commission, at the request of the commissioner. The commissioner of health or commerce, as appropriate, may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011.

Sec. 4. Minnesota Statutes 1992, section 62A.65, is amended to read:

62A.65 [INDIVIDUAL MARKET REGULATION.]

Subdivision 1. [APPLICABILITY.] No health carrier, as defined in ~~chapter 62L~~ *section 62A.011*, shall offer, sell, issue, or renew any individual ~~policy of accident and sickness coverage, as defined in section 62A.01, subdivision 1, any individual subscriber contract regulated under chapter 62C, any individual health maintenance contract regulated under chapter 62D, any individual health benefit certificate regulated under chapter 64B, or any individual health coverage provided by a multiple employer welfare arrangement,~~ *health plan, as defined in section 62A.011,* to a Minnesota resident except in compliance with this section. ~~For purposes of this section, "health benefit plan" has the meaning given in chapter 62L, except that the term means individual coverage, including family coverage, rather than employer group coverage.~~ This section does not apply to the comprehensive health association established in section 62E.10 ~~or to coverage described in section 62A.31, subdivision 1, paragraph (h), or to long-term care policies as defined in section 62A.46, subdivision 2~~.

Subd. 2. [GUARANTEED RENEWAL.] No *individual* health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the health ~~benefit~~ plan provides that the plan is guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health ~~benefit~~ plan to the person. The premium rate upon renewal must also otherwise comply with this section. ~~A~~ *An individual* health

~~benefit~~ plan may be subject to refusal to renew only under the conditions provided in chapter 62L *for health benefit plans*.

Subd. 3. [PREMIUM RATE RESTRICTIONS.] No *individual* health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the rating and premium restrictions provided under chapter 62L, except *that* the minimum loss ratio applicable to *an* individual ~~coverage~~ *health plan* is as provided in section 62A.021. All ~~provisions~~ *rating and premium restrictions* of chapter 62L apply to ~~rating and premium restrictions in~~ the individual market, unless clearly inapplicable to the individual market.

Subd. 4. [GENDER RATING PROHIBITED.] No *individual* health ~~benefit~~ plan offered, sold, issued, or renewed to a Minnesota resident may determine the premium rate or any other underwriting decision, including initial issuance, on the gender of any person covered or to be covered under the health ~~benefit~~ plan.

Subd. 5. [PORTABILITY OF COVERAGE.] (a) No *individual* health ~~benefit~~ plan may be offered, sold, issued, or *with respect to children age 18 or under* renewed, to a Minnesota resident that contains a preexisting condition limitation or exclusion, unless the limitation or exclusion would be permitted under chapter 62L, *provided that, except for children age 18 or under, underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before May 17, 1993*. The individual may be treated as a late entrant, as defined in chapter 62L, unless the individual has maintained continuous coverage as defined in chapter 62L. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation as permitted under chapter 62L for persons who are not late entrants, at the time that the individual first is covered ~~by~~ *under an* individual ~~coverage~~ *health plan by any health carrier*. Thereafter, the person must not be subject to any preexisting condition limitation *under an individual health plan by any health carrier*, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage.

(b) A health carrier must offer *an* individual ~~coverage~~ *health plan* to any individual previously covered under a group health benefit plan issued by that health carrier, so long as the individual maintained continuous coverage as defined in chapter 62L. ~~Coverage~~ *A health plan* issued under this paragraph *must be a qualified plan and* must not contain any preexisting condition limitation or exclusion, except for any unexpired limitation or exclusion under the previous coverage. The initial premium rate for the individual ~~coverage~~ *health plan* must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. *In no event shall the premium rate exceed 90 percent of the premium charged for comparable individual coverage by the Minnesota comprehensive health association.*

Subd. 6. [GUARANTEED ISSUE NOT REQUIRED.] Nothing in this section requires a health carrier to initially issue a health ~~benefit~~ plan to a Minnesota resident, except as otherwise expressly provided in subdivision 4 or 5.

Sec. 5. Minnesota Statutes 1992, section 62E.11, subdivision 12, is amended to read:

Subd. 12. [FUNDING.] Notwithstanding subdivision 5, the claims expenses and operating and administrative expenses of the association incurred on or after January 1, 1994, *to the extent that they exceed the premiums received,* shall be paid from the health care access account established in section 16A.724, to the extent appropriated for that purpose by the legislature. Any such expenses not paid from that account shall be paid as otherwise provided in this section. All contributing members shall adjust their premium rates to fully reflect funding provided under this subdivision. The commissioner of commerce or the commissioner of health, as appropriate, shall require contributing members to prove compliance with this rate adjustment requirement.

Sec. 6. [PHASE-IN.]

Subdivision 1. [COMPLIANCE.] *No health carrier, as defined in Minnesota Statutes, section 62A.011, shall renew any individual health plan, as defined in Minnesota Statutes, section 62A.011, except in compliance with this section.*

Subd. 2. [PREMIUM ADJUSTMENTS.] *Any increase or decrease in premiums by a health carrier that is caused by Minnesota Statutes, section 62A.65, is subject to the premium adjustments in this subdivision. A health carrier shall determine renewal premiums for any coverage under subdivision 1 as follows:*

(1) one-half of the premium increase or decrease may be charged upon the first renewal of the coverage on or after July 1, 1993; and

(2) the remaining half of the premium increase or decrease may be charged upon the first renewal of the coverage one year after the date of the renewal under clause (1).

Sec. 7. [EFFECTIVE DATE.]

Sections 1, 2, and 4 to 6 are effective July 1, 1993.

ARTICLE 9

MINNESOTACARE PROGRAM

Section 1. Minnesota Statutes 1992, section 256.9351, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROVIDERS.] "Eligible providers" means those health care providers who provide covered 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.~~

Sec. 2. Minnesota Statutes 1992, section 256.9352, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL MANAGEMENT.] The commissioner shall manage spending for the health right plan in a manner that maintains a minimum reserve equal to five percent of the expected cost of state premium subsidies. The commissioner must make a quarterly assessment of the expected expenditures for the covered services for the remainder of the current fiscal year and for the following two fiscal years. The estimated expenditure shall be compared to an estimate of the revenues that will be deposited in the health

care access fund. Based on this comparison, and after consulting with the chairs of the house appropriations committee and the senate finance committee, and the legislative commission on health care access, the commissioner shall make adjustments as necessary to ensure that expenditures remain within the limits of available revenues. The adjustments the commissioner may use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the health right plan; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the health right plan. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner may further limit enrollment or decrease premium subsidies.

~~If the commissioner determines that, despite adjustments made as authorized under this subdivision, estimated costs will exceed the forecasted amount of available revenues other than the reserve, the commissioner may, with the approval of the commissioner of finance, use all or part of the reserve to cover the costs of the program.~~ *The reserve referred to in this subdivision is appropriated to the commissioner but may only be used upon approval of the commissioner of finance, if estimated costs will exceed the forecasted amount of available revenues after all adjustments authorized under this subdivision have been made.*

By February 1, 1994, the department of human services and the department of health shall develop a plan to adjust benefit levels, eligibility guidelines, or other steps necessary to ensure that expenditures for the MinnesotaCare program are contained within the two percent provider tax and the one percent HMO gross premiums tax for the 1996-1997 biennium. Notwithstanding any law to the contrary, no further enrollment in MinnesotaCare, and no additional hiring of staff for the departments shall take place after June 1, 1994, unless a plan to balance the MinnesotaCare budget for the 1996-1997 biennium has been passed by the 1994 legislature.

Sec. 3. Minnesota Statutes 1992, section 256.9353, is amended to read:

Subdivision 1. [COVERED HEALTH SERVICES.] "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, *adult dental care services other than preventive 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 adult enrollee and $2,500 per child enrollee per 12-month eligibility period,~~ and chemical dependency services. Outpatient mental health services covered under the health right plan are limited to diagnostic assessments, psychological testing, explanation of findings, *day treatment, partial hospitalization,* and individual, family, and group psychotherapy. ~~Medication management by a physician is not subject to the $1,000 and $2,500 limitations on outpatient mental health services.~~ Covered health services shall be expanded as provided in this section.

Subd. 2. [ALCOHOL AND DRUG DEPENDENCY.] Beginning ~~October~~ *July* 1, ~~1992~~ *1993*, covered health services shall include ~~up to ten hours per year of~~ individual outpatient treatment of alcohol or drug dependency by a qualified health professional or outpatient program. ~~Two hours of group treatment count as one hour of individual treatment.~~

Persons who may need chemical dependency services under the provisions of this chapter shall be assessed by a local agency as defined under section 254B.01, and under the assessment provisions of section 254A.03, subdivision 3. *A local agency or managed care plan under contract with the department of human services must place a person in need of chemical dependency services as provided in Minnesota Rules, parts 9530.6600 to 9530.6660.* Persons who are recipients of medical benefits under the provisions of this chapter and who are financially eligible for consolidated chemical dependency treatment fund services provided under the provisions of chapter 254B shall receive chemical dependency treatment services under the provisions of chapter 254B only if:

(1) they have exhausted the chemical dependency benefits offered under this chapter; or

(2) an assessment indicates that they need a level of care not provided under the provisions of this chapter.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] *(a)* Beginning July 1, 1993, covered health services shall include inpatient hospital services, *including inpatient hospital mental health services and inpatient hospital and residential chemical dependency treatment,* subject to those limitations necessary to coordinate the provision of these services with eligibility under the medical assistance spend-down. The inpatient hospital benefit for adult enrollees ~~not eligible for medical assistance~~ is subject to an annual benefit limit of $10,000. The commissioner shall provide enrollees with at least 60 days' notice of coverage for inpatient hospital services and any premium increase associated with the inclusion of this benefit.

(b) Enrollees shall apply for and cooperate with the requirements of medical assistance by the last day of the third month following admission to an inpatient hospital. If an enrollee fails to apply for medical assistance within this time period, the enrollee and the enrollee's family shall be disenrolled from the plan within one calendar month. Enrollees and enrollees' families disenrolled for not applying for or not cooperating with medical assistance may not reenroll.

Subd. 4. [HOSPICE.] *Beginning July 1, 1993, covered health services shall include hospice care services.*

Subd. ~~4~~ *5.* [EMERGENCY MEDICAL TRANSPORTATION SERVICES.] Beginning July 1, 1993, covered health services shall include emergency medical transportation services.

Subd. ~~5~~ *6.* [~~FEDERAL WAIVERS AND APPROVALS~~ *COORDINATION WITH MEDICAL ASSISTANCE.*] The commissioner shall coordinate the provision of hospital inpatient services under the health right plan with enrollee eligibility under the medical assistance spend-down, and shall apply to the secretary of health and human services for any necessary federal waivers or approvals.

Subd. ~~6~~ *7.* [COPAYMENTS AND COINSURANCE.] The health right benefit plan shall include the following copayments and coinsurance requirements:

(1) ten percent *of the charges submitted* for inpatient hospital services for adult enrollees not eligible for medical assistance, subject to an annual out-of-pocket maximum of ~~$2,000~~ *$1,000* per individual and $3,000 per family;

~~(2) 50 percent for adult dental services, except for preventive services;~~

~~(3)~~ *(2)* $3 per prescription for adult enrollees; and

~~(4)~~ *(3)* $25 for eyeglasses for adult enrollees.

Enrollees who would be eligible for medical assistance with a spend-down shall be financially responsible for the coinsurance amount up to the spend-down limit or the coinsurance amount, whichever is less, in order to become eligible for the medical assistance program.

Sec. 4. Minnesota Statutes 1992, section 256.9354, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN.] "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~~ *150* percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B 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. Eligibility for ~~the health right plan~~ *MinnesotaCare* shall be expanded as provided in subdivisions 2 to 5, *except children who meet the criteria in this subdivision shall continue to be enrolled pursuant to this subdivision.* Under subdivisions ~~2~~ *1* to 5, parents who enroll in the health right plan must also enroll their children and dependent siblings, if the children and their dependent siblings are eligible. Children and dependent siblings may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. Families cannot choose to enroll only certain uninsured members. For purposes of this section, a "dependent sibling" means an unmarried child who is a full-time student under the age of 25 years who is financially dependent upon a parent. Proof of school enrollment will be required.

Sec. 5. Minnesota Statutes 1992, section 256.9354, subdivision 4, is amended to read:

Subd. 4. [FAMILIES WITH CHILDREN; ELIGIBILITY BASED ON PERCENTAGE OF INCOME PAID FOR HEALTH COVERAGE.] Beginning January 1, 1993, "eligible persons" means children, parents, and dependent siblings residing in the same household who are not eligible for medical assistance under chapter 256B. ~~These persons are eligible for coverage through the health right plan but~~ *Children who meet the criteria in subdivision 1 shall continue to be enrolled pursuant to subdivision 1. Persons who are eligible under this subdivision or subdivision 2, 3, or 5* must pay a premium as determined under sections 256.9357 and 256.9358, *and children eligible under subdivision 1 must pay the premium required under section*

256.9356, subdivision 1. Individuals and families whose income is greater than the limits established under section 256.9358 may not enroll in ~~the health right plan~~ *MinnesotaCare*. Individuals who initially enroll in ~~the health right plan~~ *MinnesotaCare* under the eligibility criteria in this subdivision remain eligible for ~~the health right plan~~ *MinnesotaCare*, regardless of age, place of residence within Minnesota, or the presence or absence of children in the same household, as long as all other eligibility requirements are met and continuous enrollment in ~~the health right plan~~ *MinnesotaCare* or medical assistance is maintained.

Sec. 6. Minnesota Statutes 1992, section 256.9354, is amended by adding a subdivision to read:

Subd. 6. [APPLICANTS POTENTIALLY ELIGIBLE FOR MEDICAL ASSISTANCE.] *Individuals who apply for MinnesotaCare, but who are potentially eligible for medical assistance shall be allowed to enroll in MinnesotaCare for a period of 60 days, so long as the applicant meets all other conditions of eligibility. The commissioner shall identify and refer such individuals to their county social service agency. The enrollee must cooperate with the county social service agency in determining medical assistance eligibility within the 60-day enrollment period. Enrollees who do not apply for and cooperate with medical assistance within the 60-day enrollment period, and their other family members, shall be disenrolled from the plan within one calendar month. Persons disenrolled for nonapplication for medical assistance may not reenroll until they have obtained a medical assistance eligibility determination for the family member or members who were referred to the county agency. Persons disenrolled for noncooperation with medical assistance may not reenroll until they have cooperated with the county agency and have obtained a medical assistance eligibility determination. The commissioner shall redetermine provider payments made under MinnesotaCare to the appropriate medical assistance payments for those enrollees who subsequently become eligible for medical assistance.*

Sec. 7. Minnesota Statutes 1992, section 256.9356, is amended to read:

256.9356 [~~ENROLLMENT AND~~ PREMIUM ~~FEE~~ *FEES AND PAYMENTS.*]

Subdivision 1. [~~ENROLLMENT FEE~~ *PREMIUM FEES.*] ~~Until October 1, 1992,~~ An annual ~~enrollment~~ *premium* fee of ~~$25, not to exceed $150 per family,~~ *$48* is required from ~~eligible persons for covered health services~~ *all MinnesotaCare enrollees eligible under section 256.9354, subdivision 1.*

Subd. 2. [PREMIUM PAYMENTS.] ~~Beginning October 1, 1992,~~ The commissioner shall require ~~health right plan~~ *MinnesotaCare* enrollees *eligible under section 256.9354, subdivisions 2 to 5,* to pay a premium based on a sliding scale, as established under section ~~256.9357~~ *256.9358*. ~~Applicants who are eligible under section 256.9354, subdivision 1, are exempt from this requirement until July 1, 1993, if the application is received by the health right plan staff on or before September 30, 1992. Before July 1, 1993, these individuals shall continue to pay the annual enrollment fee required by subdivision 1.~~

Subd. 3. [ADMINISTRATION AND COMMISSIONER'S DUTIES.] ~~Enrollment and premium fees~~ *Premiums* are dedicated to the commissioner for ~~the health right plan~~ *MinnesotaCare*. The commissioner shall make an annual redetermination of continued eligibility and identify people who may become

eligible for medical assistance. The commissioner shall develop and implement procedures to: (1) require enrollees to report changes in income; (2) adjust sliding scale premium payments, based upon changes in enrollee income; and (3) disenroll enrollees from ~~the health right plan~~ *MinnesotaCare* for failure to pay required premiums. Premiums are calculated on a calendar month basis and may be paid on a monthly ~~or~~, quarterly, *or annual* basis, with the first payment due upon notice from the commissioner of the premium amount required. Premium payment is required before enrollment is complete and to maintain eligibility in ~~the health right plan~~ *MinnesotaCare*. Nonpayment of the premium will result in disenrollment from the plan within one calendar month after the due date. Persons disenrolled for nonpayment may not reenroll until four calendar months have elapsed.

Sec. 8. Minnesota Statutes 1992, section 256.9357, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Families and individuals ~~who enroll on or after October 1, 1992,~~ are eligible for subsidized premium payments based on a sliding scale under section 256.9358 only if the family or individual meets the requirements in subdivisions 2 and 3. ~~Children already enrolled in the health right plan as of September 30, 1992, are eligible for subsidized premium payments without meeting these requirements, as long as they maintain continuous coverage in the health right plan or medical assistance.~~

Families and individuals who initially enrolled in ~~the health right~~ *MinnesotaCare* plan under section 256.9354, and whose income increases above the limits established in section 256.9358, may continue enrollment and pay the full cost of coverage.

Sec. 9. [256.9362] [PROVIDER PAYMENT.]

Subdivision 1. [MEDICAL ASSISTANCE RATE TO BE USED.] *Payment to providers under sections 256.9351 to 256.9362 shall be at the same rates and conditions established for medical assistance, except as provided in subdivisions 2 to 6.*

Subd. 2. [PAYMENT OF CERTAIN PROVIDERS.] *Services provided by federally qualified health centers, rural health clinics, and facilities of the Indian health service shall be paid for according to the same rates and conditions applicable to the same service provided by providers that are not federally qualified health centers, rural health clinics, or facilities of the Indian health service.*

Subd. 3. [INPATIENT HOSPITAL SERVICES.] *Inpatient hospital services provided under section 256.9353, subdivision 3, shall be paid for as provided in subdivisions 4 to 6.*

Subd. 4. [DEFINITION OF MEDICAL ASSISTANCE RATE FOR INPATIENT HOSPITAL SERVICES.] *The "medical assistance rate," as used in this section to apply to rates for providing inpatient hospital services, means the rates established under sections 256.9685 to 256.9695 for providing inpatient hospital services to medical assistance recipients who receive aid to families with dependent children.*

Subd. 5. [ENROLLEES YOUNGER THAN 18.] *Payment for inpatient hospital services provided to MinnesotaCare enrollees who are younger than*

18 years old on the date of admission to the inpatient hospital shall be at the medical assistance rate.

Subd. 6. [ENROLLEES 18 OR OLDER.] *Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b).*

(a) If the medical assistance rate minus any copayment required under section 256.9353, subdivision 6, is less than or equal to the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the medical assistance rate minus any copayment required under section 256.9353, subdivision 6. The hospital must not seek payment from the enrollee in addition to the copayment. The MinnesotaCare payment plus the copayment must be treated as payment in full.

(b) If the medical assistance rate minus any copayment required under section 256.9353, subdivision 6, is greater than the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the lesser of:

(1) the amount remaining in the enrollee's benefit limit; or

(2) charges submitted for the inpatient hospital services less any copayment established under section 256.9353, subdivision 6.

The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph.

Sec. 10. [256.9363] [MANAGED CARE.]

Subdivision 1. [SELECTION OF VENDORS.] *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 managed care plans which may include: prepaid capitation programs, competitive bidding programs, 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. Managed care plans may include integrated service networks as defined in section 62N.02.*

Subd. 2. [GEOGRAPHIC AREA.] *The commissioner shall designate the geographic areas in which eligible individuals must receive services through managed care plans.*

Subd. 3. [LIMITATION OF CHOICE.] *Persons enrolled in the MinnesotaCare program who reside in the designated geographic areas must enroll in a managed care plan to receive their health care services. Enrollees must receive their health care services from health care providers who are part of the managed care plan provider network, unless authorized by the managed care plan, in cases of medical emergency, or when otherwise required by law or by contract.*

If only one managed care option is available in a geographic area, the managed care plan may require that enrollees designate a primary care provider from which to receive their health care. Enrollees will be permitted to change their designated primary care provider upon request to the

managed care plan. Requests to change primary care providers may be limited to once annually. If more than one managed care plan is offered in a geographic area, enrollees will be enrolled in a managed care plan for up to one year from the date of enrollment, but shall have the right to change to another managed care plan once within the first year of initial enrollment. Enrollees may also change to another managed care plan during an annual 30 day open enrollment period. Enrollees shall be notified of the opportunity to change to another managed care plan before the start of each annual open enrollment period.

Enrollees may change managed care plans or primary care providers at other than the above designated times for cause as determined through an appeal pursuant to section 256.045.

Subd. 4. [EXEMPTIONS TO LIMITATIONS ON CHOICE.] *All contracts between the department of human services and prepaid health plans or integrated service networks to serve medical assistance, general assistance medical care, and MinnesotaCare recipients must comply with the requirements of United States Code, title 42, section 1396a (a) (23) (B), notwithstanding any waivers authorized by the United States Department of Health and Human Services pursuant to United States Code, title 42, section 1315.*

Subd. 5. [ELIGIBILITY FOR OTHER STATE PROGRAMS.] *MinnesotaCare enrollees who become eligible for medical assistance or general assistance medical care will remain in the same managed care plan if the managed care plan has a contract for that population. Contracts between the department of human services and managed care plans must include MinnesotaCare, and medical assistance and may also include general assistance medical care.*

Subd. 6. [COPAYMENTS AND BENEFIT LIMITS.] *Enrollees are responsible for all copayments in section 256.9353, subdivision 6, and shall pay copayments to the managed care plan or to its participating providers. The enrollee is also responsible for payment of inpatient hospital charges which exceed the MinnesotaCare benefit limit to the managed care plan or its participating providers.*

Subd. 7. [MANAGED CARE PLAN VENDOR REQUIREMENTS.] *The following requirements apply to all counties or vendors who contract with the department of human services to serve MinnesotaCare recipients. Managed care plan contractors:*

(1) shall authorize and arrange for the provision of the full range of services listed in section 256.9353 in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees;

(4) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(5) shall retain all revenue from enrollee copayments;

(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D;

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(9) shall submit to the commissioner claims in the format specified by the commissioner of human services for all hospital services provided to enrollees for the purpose of determining whether enrollees meet medical assistance spenddown requirements and shall provide to the enrollee, upon the enrollee's request, information on the cost of services provided to the enrollee by the managed care plan for the purpose of establishing whether the enrollee has met medical assistance spenddown requirements.

Subd. 8. [CHEMICAL DEPENDENCY ASSESSMENTS.] *The managed care plan shall be responsible for assessing the need and placement for chemical dependency services according to criteria set forth in Minnesota Rules, parts 9530.6600 to 9530.6660.*

Subd. 9. [RATE SETTING.] *Rates will be prospective, per capita, where possible. The commissioner shall consult with an independent actuary to determine appropriate rates.*

Subd. 10. [CHILDHOOD IMMUNIZATION.] *Each managed care plan contracting with the department of human services under this section shall collaborate with the local public health agencies to ensure childhood immunization to all enrolled families with children. As part of this collaboration the plan must provide the families with a recommended immunization schedule.*

Sec. 11. Minnesota Statutes 1992, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than one year of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than ~~185~~ *275* percent of the federal poverty guideline for the same family size. *For purposes of this subdivision, "countable family income" means the amount of income considered available using the methodology of the AFDC program, except for the earned income disregard and employment deductions. An amount equal to the amount of earned income exceeding 275 percent of the federal poverty guideline, up to a maximum of the combined total of 185 percent of the federal poverty guideline plus the earned income disregards and deductions of the AFDC program will be deducted for pregnant women and infants less than one year of age.* Eligibility for a pregnant woman or infant less than one year of age under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3.

An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall

continue to be eligible for medical assistance without redetermination until the child's first birthday, as long as the child remains in the woman's household.

Sec. 12. Minnesota Statutes 1992, section 256B.057, is amended by adding a subdivision to read:

Subd. 1a. [PREMIUMS.] *Women and infants who are eligible under subdivision 1 and whose countable family income is equal to or greater than 185 percent of the federal poverty guideline for the same family size shall be required to pay a premium for medical assistance coverage based on a sliding scale as established under section 256.9358.*

Sec. 13. Minnesota Statutes 1992, section 256B.057, subdivision 2a, is amended to read:

Subd. 2a. [NO ASSET TEST FOR CHILDREN *AND THEIR PARENTS.*] Eligibility for medical assistance for a person under age 21, *and the person's parents who are eligible under section 256B.055, subdivision 3, and who live in the same household as the person eligible under age 21,* must be determined without regard to asset standards established in section 256B.056.

Sec. 14. Minnesota Statutes 1992, section 256B.0644, is amended to read:

256B.0644 [PARTICIPATION REQUIRED FOR REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.]

A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and ~~the health right plan~~ *MinnesotaCare* as a condition of participating as a provider in health insurance plans or contractor for state employees established under section 43A.18, the public employees insurance plan under section 43A.316, *for health insurance plans offered to local statutory or home rule charter city, county, and school district employees,* the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.17. *The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the department of human services.* For providers other than health maintenance organizations, participation in the medical assistance program means that (1) the provider accepts new medical assistance patients or (2) at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, or ~~the health right plan~~ *MinnesotaCare* as their primary source of coverage. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program.

Sec. 15. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not

eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of $1,000 per assistance unit. *No asset test shall be applied to children and their parents living in the same household.* Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) who 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 is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair

market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 16. [DEMONSTRATION WAIVER.]

The commissioner of human services shall seek a demonstration waiver or otherwise obtain federal approval to: (1) allow the state to charge premiums as described in section 12; (2) increase the income standard to 275 percent of the federal poverty guideline; and (3) continue eligibility without redetermination for infants 13 to 24 months of age.

Sec. 17. [MINNESOTACARE PROGRAM STUDY.]

The commissioner of human services shall examine the impact the MinnesotaCare program is having on the increase in medical assistance enrollment and costs. As part of this study, the commissioner shall determine whether other factors unrelated to the MinnesotaCare program may be contributing to the increase in medical assistance enrollment. The commissioner shall also make recommendations on necessary adjustments in revenues or expenditures to ensure that the health care access fund remains solvent for the 1996-1997 biennium. The commissioner shall present findings and recommendations to the legislative oversight commission by November 15, 1993.

Sec. 18. [EFFECTIVE DATE.]

Section 12 is effective July 1, 1993, or after the effective date of the waiver referred to in section 16, whichever is later. Sections 10 and 16 are effective the day following final enactment. Section 10, subdivision 4, is effective for all contracts entered into or renewed on or after the day following final enactment. Section 14 is effective for health insurance contracts negotiated after November 1, 1993.

ARTICLE 10

RURAL HEALTH INITIATIVE

Section 1. Minnesota Statutes 1992, section 144.147, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than September 1 of each *fiscal* year for grants awarded for ~~the~~ *that* fiscal year ~~beginning the following July 1~~. *A grant may be awarded upon signing of a grant contract.*

(b) 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, organizations, 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~~ *$37,500* 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.

(g) The commissioner may adopt rules to implement this section.

Sec. 2. Minnesota Statutes 1992, section 144.1484, subdivision 1, is amended to read:

Subdivision 1. [SOLE COMMUNITY HOSPITAL FINANCIAL ASSISTANCE GRANTS.] The commissioner of health shall award 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 Code of Federal Regulations, title 42, section 412.92 or be located in a community with a population of less than 5,000 *and located more than 25 miles from a like hospital currently providing acute short-term services*; (2) have experienced net income losses in the two most recent consecutive hospital fiscal years for which audited financial information is available; (3) consist of ~~30~~ *40* or fewer licensed beds; and (4) ~~have exhausted local sources of support. Before applying for a grant, the hospital must have developed a strategic plan. The commissioner shall award grants in equal amounts.~~ *demonstrate to the commissioner that it has obtained local support for the hospital and that any state support awarded under this program will not be used to supplant local support for the hospital. The commissioner shall review audited financial statements of the hospital to assess the extent of local support. Evidence of local support may include bonds issued by a local government entity such as a city, county, or hospital district for the purpose of financing hospital projects; and loans, grants, or donations to the hospital from local government entities, private organizations, or individuals. The commissioner shall determine the amount of the award to be given to each eligible hospital based on the hospital's financial need and the total amount of funding available.*

Sec. 3. Minnesota Statutes 1992, section 144.1484, subdivision 2, is amended to read:

Subd. 2. [GRANTS TO AT-RISK RURAL HOSPITALS TO OFFSET THE IMPACT OF THE HOSPITAL TAX.] *(a)* The commissioner of health shall award financial assistance grants to rural hospitals that would otherwise close as a direct result of the hospital tax in section 295.52. To be eligible for a grant, a hospital must have 50 or fewer beds and must not be located in a city of the first class. To receive a grant, the hospital must demonstrate to the satisfaction of the commissioner of health that the hospital will close in the absence of state assistance under this subdivision and that the hospital tax is the principal reason for the closure.

(b) At a minimum the hospital must demonstrate that:

(1) it has had a net margin of minus ten percent or below in at least one of the last two years or a net margin of less than zero percent in at least three of the last four years. For purposes of this subdivision, "net margin" means the ratio of net income from all hospital sources to total revenues generated by the hospital;

(2) it has had a negative cash flow in at least three of the last four years. For purposes of this subdivision, "cash flow" means the total of net income plus depreciation; and

(3) its fund balance has declined by at least 25 percent over the last two years, and its fund balance at the end of its last fiscal year was equal to or less than its accumulated net loss during the last two years. For purposes of this subdivision, "fund balance" means the excess of assets of the hospital's fund over its liabilities and reserves.

(c) A hospital seeking a grant shall submit the following with its application:

(1) a statement of the projected dollar amount of tax liability for the current fiscal year, projected monthly disbursements, and projected net patient revenue base for the current fiscal year, broken down by payer categories including Medicare, medical assistance, MinnesotaCare, general assistance medical care, and others. The figures must be certified by the hospital administrator;

(2) a statement of all rate increases, listing the date and percentage of each increase during the last three years and the date and percentage of any increases for the current fiscal year. The statement must be certified by the hospital administrator and must include a narrative explaining whether or not the rate increase incorporates a pass-through of the hospital tax;

(3) a statement certified by the chair or equivalent of the hospital board, and by an independent auditor, that the hospital will close within the next 12 months as a result of the hospital tax unless it receives a grant; and

(4) a statement certified by the chair or equivalent of the hospital board that the hospital will not close for financial reasons within the next 12 months if it receives a grant.

The amount of the grant must not exceed the amount of the tax the hospital would pay under section 295.52, based on the previous year's hospital revenues. *A hospital that closes within 12 months after receiving a grant under this subdivision must refund the amount of the grant to the commissioner of health.*

ARTICLE 11

HEALTH PROFESSIONAL EDUCATION

Section 1. Minnesota Statutes 1992, section 124C.62, is amended to read:

124C.62 [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of education, *through a contract with a nonprofit organization as required by subdivision 4,* shall award grants to hospitals and clinics to establish a summer health care intern program ~~for pupils who intend to complete high school graduation requirements and who are between their junior 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.] (a) The commissioner~~, with the advice of the Minnesota Medical Association and the Minnesota Hospital Association~~, *through the organization under contract,* shall ~~establish criteria for awarding~~ *award* grants to hospitals and clinics~~.~~ *that agree to:*

~~(b) The criteria must include, among other things:~~

(1) ~~the kinds of~~ *provide summer health care interns with* formal exposure to the health care profession ~~a hospital or clinic can provide to a pupil~~;

(2) ~~the need for health care professionals in a particular area; and~~ *provide an orientation for summer health care interns;*

(3) ~~the willingness of a hospital or clinic to~~ pay one-half the costs of employing a ~~pupil~~ *summer health care intern, based on an overall hourly wage that is at least the minimum wage but does not exceed $6 an hour; and*

(4) interview and hire pupils for a minimum of six weeks and a maximum of 12 weeks.

(b) In order to be eligible to be hired as a summer health intern by a hospital or clinic, a pupil must:

(1) intend to complete high school graduation requirements and be between the junior and senior year of high school;

(2) be from a school district in proximity to the facility; and

(3) provide the facility with a letter of recommendation from a health occupations or science educator.

(c) Hospitals and clinics awarded grants may employ pupils as summer health care interns beginning on or after June 15, 1993, if they agree to pay the intern, during the period before disbursement of state grant money, with money designated as the facility's 50 percent contribution towards internship costs.

~~(c) The Minnesota Medical Association and the Minnesota Hospital Association must provide the commissioner, by January 31, 1993, 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, *through the organization under contract,* shall award grants to hospitals and clinics 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. [CONTRACT.] *The commissioner shall contract with a statewide, nonprofit organization representing facilities at which summer health care interns will serve, to administer the grant program established by this section. The organization awarded the grant shall provide the commissioner with any information needed by the commissioner to evaluate the program, in the form and at the times specified by the commissioner.*

Sec. 2. Minnesota Statutes 1992, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established *in the health care access fund.* The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 3. Minnesota Statutes 1992, section 136A.1355, subdivision 3, is amended to read:

Subd. 3. [LOAN FORGIVENESS.] ~~Prior to June 30, 1992, the higher education coordinating board may accept up to eight applicants who are fourth year medical students, up to eight applicants who are first year residents, and up to eight applicants who are second year residents for participation in the loan forgiveness program.~~ For the period July 1, ~~1992~~ *1993* through June 30,

1995, the higher education coordinating board may accept up to ~~eight~~ *four* applicants who are fourth year medical students, *three applicants who are pediatric residents, and four applicants who are family practice residents, and one applicant who is an internal medicine resident,* per fiscal year for participation in the loan forgiveness program. *If the higher education coordinating board does not receive enough applicants per fiscal year to fill the number of residents in the specific areas of practice, the resident applicants may be from any area of practice. The eight resident applicants can be in any year of training.* 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. Participants who move their practice from one designated rural area to another remain eligible for loan repayment. In addition, if a resident participating in the loan forgiveness program serves at least four weeks during a year of residency substituting for a rural physician to temporarily relieve the rural physician of rural practice commitments to enable the rural physician to take a vacation, engage in activities outside the practice area, or otherwise be relieved of rural practice commitments, the participating resident may designate up to an additional $2,000, above the $10,000 maximum, for each year of residency during which the resident substitutes for a rural physician for four or more weeks.

Sec. 4. Minnesota Statutes 1992, section 136A.1355, subdivision 4, is amended to read:

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 *established in subdivision 1.* 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. 5. Minnesota Statutes 1992, section 136A.1355, is amended by adding a subdivision to read:

Subd. 5. [LOAN FORGIVENESS; UNDERSERVED URBAN COMMUNITIES.] *For the period July 1, 1993 to June 30, 1995, the higher education coordinating board may accept up to four applicants who are either fourth year medical students, or residents in family practice, pediatrics, or internal medicine per fiscal year for participation in the urban primary care physician loan forgiveness program. The resident applicants may be in any year of residency training. 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 underserved urban 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. Participants who move their practice from one designated underserved urban community to another remain eligible for loan repayment.*

Sec. 6. Minnesota Statutes 1992, section 136A.1356, subdivision 2, is amended to read:

Subd. 2. [CREATION OF ACCOUNT.] A midlevel practitioner education account is established *in the health care access fund*. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for midlevel practitioners agreeing to practice in designated rural areas.

Sec. 7. Minnesota Statutes 1992, section 136A.1356, subdivision 5, is amended to read:

Subd. 5. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 4 for full repayment of all qualified loans, the higher education coordinating board shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The higher education coordinating board shall deposit the money collected in the midlevel practitioner education account *established in subdivision 2*. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 8. Minnesota Statutes 1992, section 136A.1357, is amended to read:

136A.1357 [EDUCATION ACCOUNT FOR NURSES WHO AGREE TO PRACTICE IN A NURSING HOME *OR INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS*.]

Subdivision 1. [CREATION OF THE ACCOUNT.] An education account in the ~~general~~ *health care access* fund is established for a loan forgiveness program for nurses who agree to practice nursing in a nursing home *or intermediate care facility for persons with mental retardation or related conditions*. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. Money from the account must be used for a loan forgiveness program.

Subd. 2. [ELIGIBILITY.] To be eligible to participate in the loan forgiveness program, a person planning to enroll or enrolled in a program of study designed to prepare the person to become a registered nurse or licensed practical nurse must submit a letter of interest to the board before ~~completing the first year of study~~ *completion* of a nursing education program. Before ~~completing the first year of study~~ *completion of the program*, the applicant must sign a contract in which the applicant agrees to practice nursing for at least one of the first two years following completion of the nursing education program providing nursing services in a licensed nursing home *or intermediate care facility for persons with mental retardation or related conditions*.

Subd. 3. [LOAN FORGIVENESS.] The board may accept up to ten applicants a year. Applicants are responsible for securing their own loans. For each year of nursing education, for up to two years, applicants accepted into the loan forgiveness program may designate an agreed amount, not to exceed $3,000, as a qualified loan. For each year that a participant practices nursing in a nursing home *or intermediate care facility for persons with mental retardation or related conditions*, up to a maximum of two years, the board shall annually repay an amount equal to one year of qualified loans. Participants who move from one nursing home *or intermediate care facility*

for persons with mental retardation or related conditions to another remain eligible for loan repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 3 for full repayment of all qualified loans, the ~~commissioner~~ *higher education coordinating board* shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The board shall deposit the collections in the ~~general~~ *health care access* fund to be credited to the account established in subdivision 1. The board may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Subd. 5. [RULES.] The board shall adopt rules to implement this section.

Sec. 9. [136A.1358] [RURAL CLINICAL SITES FOR NURSE PRACTITIONER EDUCATION.]

Subdivision 1. [DEFINITION.] *For purposes of this section, "rural" means any area of the state outside of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.*

Subd. 2. [ESTABLISHMENT.] *A grant program is established under the authority of the higher education coordinating board to provide grants to colleges or schools of nursing located in Minnesota that operate programs of study designed to prepare registered nurses for advanced practice as nurse practitioners.*

Subd. 3. [PROGRAM GOALS.] *Colleges and schools of nursing shall use grants received to provide rural students with increased access to programs of study for nurse practitioners, by:*

(1) developing rural clinical sites;

(2) allowing students to remain in their rural communities for clinical rotations; and

(3) providing faculty to supervise students at rural clinical sites.

The overall goal of the grant program is to increase the number of graduates of nurse practitioner programs who work in rural areas of the state.

Subd. 4. [RESPONSIBILITY OF NURSING PROGRAMS.] *(a) Colleges or schools of nursing interested in participating in the grant program must apply to the higher education coordinating board, according to the policies established by the board. Applications submitted by colleges or schools of nursing must include a detailed proposal for achieving the goals listed in subdivision 3, a plan for encouraging sufficient applications from rural applicants to meet the requirements of paragraph (b), and any additional information required by the board.*

(b) Each college or school of nursing, as a condition of accepting a grant, shall make at least 25 percent of the openings in each nurse practitioner entering class available to applicants who live in rural areas and desire to practice as a nurse practitioner in rural areas. This requirement is effective beginning with the fall 1994 entering class and remains in effect for each

biennium thereafter for which a college or school of nursing is awarded a grant renewal. The board may exempt colleges or schools of nursing from this requirement if the college or school can demonstrate, to the satisfaction of the board, that the nurse practitioner program did not receive enough applications or acceptance letters from qualified rural applicants to meet the requirement.

(c) Colleges or schools of nursing participating in the grant program shall report to the higher education coordinating board on their program activity as requested by the board.

Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *(a) The board shall establish an application process for interested colleges and schools of nursing, and shall require colleges and schools of nursing to submit grant applications to the board by November 1, 1993. The board may award up to two grants for the biennium ending June 30, 1995.*

(b) In selecting grant recipients, the board shall consider:

(1) the likelihood that an applicant's grant proposal will be successful in achieving the program goals listed in subdivision 3;

(2) the potential effectiveness of the college's or school's plan to encourage applications from rural applicants; and

(3) the academic quality of the college's or school's program of education for nurse practitioners.

(c) The board shall notify grant recipients of an award by December 1, 1993, and shall disburse the grants by January 1, 1994. The board may renew grants if a college or school of nursing demonstrates that satisfactory progress has been made during the past biennium toward achieving the goals listed in subdivision 3.

Sec. 10. Minnesota Statutes 1992, section 137.38, subdivision 2, is amended to read:

Subd. 2. [PRIMARY CARE.] For purposes of sections 137.38 to 137.40, "primary care" means a type of medical care delivery that assumes ongoing responsibility for the patient in both health maintenance and illness treatment. It is personal care involving a unique interaction and communication between the patient and the physician. It is comprehensive in scope, and includes all the overall coordination of the care of the patient's health care problems including biological, behavioral, and social problems. The appropriate use of consultants and community resources is an important aspect of effective primary care. *Primary care physicians include family practitioners, general pediatricians, and general internists.*

Sec. 11. Minnesota Statutes 1992, section 137.38, subdivision 3, is amended to read:

Subd. 3. [GOALS.] The board of regents of the University of Minnesota, through the University of Minnesota medical school, is requested to implement the initiatives required by sections 137.38 to 137.40 in order to increase the number of graduates of residency programs of the medical school who practice primary care by 20 percent over an eight-year period. The initiatives must be designed to encourage newly graduated primary care physicians to

establish practices in areas of rural *and urban* Minnesota that are medically underserved.

Sec. 12. Minnesota Statutes 1992, section 137.38, subdivision 4, is amended to read:

Subd. 4. [GRANTS.] The board of regents is requested to seek grants from private foundations and other nonstate sources, *including community provider organizations*, for the medical school initiatives outlined in sections 137.38 to 137.40.

Sec. 13. Minnesota Statutes 1992, section 137.39, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF CURRICULUM.] The medical school is requested to ensure that its curriculum provides students with early exposure to primary care physicians and primary care practice, *and to address other primary care curriculum issues such as public health, preventive medicine, and health care delivery*. The medical school is requested to also support premedical school educational initiatives that provide students with greater exposure to primary care physicians and practices.

Sec. 14. Minnesota Statutes 1992, section 137.39, subdivision 3, is amended to read:

Subd. 3. [CLINICAL EXPERIENCES IN PRIMARY CARE.] The medical school~~, in consultation with medical school faculty at the University of Minnesota, Duluth,~~ is requested to develop a program to provide students with clinical experiences in primary care settings in internal medicine and pediatrics. The program must provide training experiences in medical clinics in rural Minnesota communities, as well as in community clinics and health maintenance organizations in the Twin Cities metropolitan area.

Sec. 15. Minnesota Statutes 1992, section 137.40, subdivision 3, is amended to read:

Subd. 3. [CONTINUING MEDICAL EDUCATION.] The medical school is requested to develop continuing medical education programs for primary care physicians that are comprehensive, community-based, ~~and~~ accessible to primary care physicians in all areas of the state, *and which enhance primary care skills*.

Sec. 16. [144.1487] [LOAN REPAYMENT PROGRAM FOR HEALTH PROFESSIONALS.]

Subdivision 1. [DEFINITIONS.] *(a) For purposes of sections 144.1487 to 144.1492, the following definitions apply.*

(b) "Board" means the higher education coordinating board.

(c) "Health professional shortage area" means an area designated as such by the federal secretary of health and human services, as provided under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E.

Subd. 2. [ESTABLISHMENT AND PURPOSE.] *The commissioner shall establish a National Health Services Corps state loan repayment program authorized by section 388I of the Public Health Service Act, United States Code, title 42, section 254q-1, as amended by Public Law Number 101-597.*

The purpose of the program is to assist communities with the recruitment and retention of health professionals in federally designated health professional shortage areas.

Sec. 17. [144.1488] [PROGRAM ADMINISTRATION AND ELIGIBILITY.]

Subdivision 1. [DUTIES OF THE COMMISSIONER OF HEALTH.] *The commissioner shall administer the state loan repayment program. The commissioner shall:*

(1) ensure that federal funds are used in accordance with program requirements established by the federal National Health Services Corps;

(2) notify potentially eligible loan repayment sites about the program;

(3) develop and disseminate application materials to sites;

(4) review and rank applications using the scoring criteria approved by the federal department of health and human services as part of the Minnesota department of health's National Health Services Corps state loan repayment program application;

(5) select sites that qualify for loan repayment based upon the availability of federal and state funding;

(6) provide the higher education coordinating board with a list of qualifying sites; and

(7) carry out other activities necessary to implement and administer sections 144.1487 to 144.1492.

The commissioner shall enter into an interagency agreement with the higher education coordinating board to carry out the duties assigned to the board under sections 144.1487 to 144.1492.

Subd. 2. [DUTIES OF THE HIGHER EDUCATION COORDINATING BOARD.] *The higher education coordinating board, through an interagency agreement with the commissioner of health, shall:*

(1) verify the eligibility of program participants;

(2) sign a contract with each participant that specifies the obligations of the participant and the state;

(3) arrange for the payment of qualifying educational loans for program participants;

(4) monitor the obligated service of program participants;

(5) waive or suspend service or payment obligations of participants in appropriate situations;

(6) place participants who fail to meet their obligations in default;

(7) enforce penalties for default; and

(8) report regularly to the commissioner.

Subd. 3. [ELIGIBLE LOAN REPAYMENT SITES.] *Private, nonprofit, and public entities located in and providing health care services in federally designated primary care health professional shortage areas are eligible to*

apply for the program. The commissioner shall develop a list of Minnesota health professional shortage areas in greatest need of health care professionals and shall select loan repayment sites from that list. The commissioner shall ensure, to the greatest extent possible, that the geographic distribution of sites within the state reflects the percentage of the population living in rural and urban health professional shortage areas.

Subd. 4. [ELIGIBLE HEALTH PROFESSIONALS.] *(a) To be eligible to apply to the higher education coordinating board for the loan repayment program, health professionals must be citizens or nationals of the United States, must not have any unserved obligations for service to a federal, state, or local government, or other entity, and must be ready to begin full-time clinical practice upon signing a contract for obligated service.*

(b) In selecting physicians for participation, the board shall give priority to physicians who are board certified or have completed a residency in family practice, osteopathic general practice, obstetrics and gynecology, internal medicine, or pediatrics. A physician selected for participation is not eligible for loan repayment until the physician has an employment agreement or contract with an eligible loan repayment site and has signed a contract for obligated service with the higher education coordinating board.

Sec. 18. [144.1489] [OBLIGATIONS OF PARTICIPANTS.]

Subdivision 1. [CONTRACT REQUIRED.] *Before starting the period of obligated service, a participant must sign a contract with the higher education coordinating board that specifies the obligations of the participant and the board.*

Subd. 2. [OBLIGATED SERVICE.] *A participant shall agree in the contract to fulfill the period of obligated service by providing primary health care services in full-time clinical practice. The service must be provided in a private, nonprofit, or public entity that is located in and providing services to a federally designated health professional shortage area and that has been designated as an eligible site by the commissioner under the state loan repayment program.*

Subd. 3. [LENGTH OF SERVICE.] *Participants must agree to provide obligated service for a minimum of two years. A participant may extend a contract to provide obligated service for a third year, subject to board approval and the availability of federal and state funding.*

Subd. 4. [AFFIDAVIT OF SERVICE REQUIRED.] *Within 30 days of the start of obligated service, and by February 1 of each succeeding calendar year, a participant shall submit an affidavit to the board stating that the participant is providing the obligated service and which is signed by a representative of the organizational entity in which the service is provided. Participants must provide written notice to the board within 30 days of: a change in name or address, a decision not to fulfill a service obligation, or cessation of clinical practice.*

Subd. 5. [TAX RESPONSIBILITY.] *The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so under federal law.*

Subd. 6. [NONDISCRIMINATION REQUIREMENTS.] *Participants are prohibited from charging a higher rate for professional services than the usual and customary rate prevailing in the area where the services are*

provided. If a patient is unable to pay this charge, a participant shall charge the patient a reduced rate or not charge the patient. Participants must agree not to discriminate on the basis of ability to pay or status as a Medicare or medical assistance enrollee. Participants must agree to accept assignment under the Medicare program and to serve as an enrolled provider under medical assistance.

Sec. 19. [144.1490] [RESPONSIBILITIES OF THE LOAN REPAYMENT PROGRAM.]

Subdivision 1. [LOAN REPAYMENT.] *Subject to the availability of federal and state funds for the loan repayment program, the higher education coordinating board shall pay all or part of the qualifying education loans up to $20,000 annually for each primary care physician participant that fulfills the required service obligation. For purposes of this provision, "qualifying educational loans" are government and commercial loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.*

Subd. 2. [PROCEDURE FOR LOAN REPAYMENT.] *Program participants, at the time of signing a contract, shall designate the qualifying loan or loans for which the higher education coordinating board is to make payments. The participant shall submit to the board all payment books for the designated loan or loans or all monthly billings for the designated loan or loans within five days of receipt. The board shall make payments in accordance with the terms and conditions of the designated loans, in an amount not to exceed $20,000 when annualized. If the amount paid by the board is less than $20,000 during a 12-month period, the board shall pay during the 12th month an additional amount towards a loan or loans designated by the participant, to bring the total paid to $20,000. The total amount paid by the board must not exceed the amount of principal and accrued interest of the designated loans.*

Sec. 20. [144.1491] [FAILURE TO COMPLETE OBLIGATED SERVICE.]

Subdivision 1. [PENALTIES FOR BREACH OF CONTRACT.] *A program participant who fails to complete two years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least one year, the financial penalty is the number of unserved months multiplied by $1,000. If the participant has served less than one year, the financial penalty is the total number of obligated months multiplied by $1,000.*

Subd. 2. [SUSPENSION OR WAIVER OF OBLIGATION.] *Payment or service obligations cancel in the event of a participant's death. The board may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The board shall evaluate all other requests for suspension or waivers on a case-by-case basis.*

Sec. 21. [NURSE PRACTITIONER PROMOTION TEAMS.]

The commissioner of health, through the office of rural health, shall establish nurse practitioner promotion teams, consisting of one nurse practitioner and one physician who are practicing jointly. The promotion teams

shall travel to rural communities and provide physicians, medical clinic administrators, and other interested parties with information on: the benefits of joint practices between nurse practitioners and physicians and methods of establishing and maintaining joint practices. The office of rural health shall contract with promotion teams to visit up to 20 rural communities during the biennium ending June 30, 1995. The office of rural health shall provide members of promotion teams with stipends for their time and travel expenses not to exceed the amount specified in Minnesota Statutes, section 15.059, subdivision 3.

Sec. 22. [EFFECTIVE DATE.]

Section 1, relating to summer internships, is effective the day following final enactment. Sections 16 to 20 related to the National Health Services Corps loan repayment program are effective the day following final enactment.

ARTICLE 12

DATA RESEARCH INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.30, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 62J.30 to 62J.34, the following definitions apply:

(a) "Practice parameter" means a statement intended to guide the clinical decision making of health care providers and patients that is supported by the results of appropriately designed outcomes research studies~~, including those studies sponsored~~ *or that has been approved* by the federal agency for health care policy and research~~,~~ or ~~has been~~ adopted for use by ~~a national medical society~~ *the American Medical Association, the National Medical Association, a member board of the American Board of Medical Specialties, a board approved by the American Osteopathic Association, a college or board approved by the Royal College of Physicians and Surgeons of Canada, a national health professional board or association, or a board approved by the American Dental Association.*

(b) "Outcomes research" means research designed to identify and analyze the outcomes and costs of alternative interventions for a given clinical condition, in order to determine the most appropriate and cost-effective means to prevent, diagnose, treat, or manage the condition, or in order to develop and test methods for reducing inappropriate or unnecessary variations in the type and frequency of interventions.

Sec. 2. Minnesota Statutes 1992, section 62J.30, subdivision 6, is amended to read:

Subd. 6. [DATA COLLECTION PROCEDURES.] The health care analysis unit shall collect data from health care providers, health carriers, and individuals in the most cost-effective manner, which does not unduly burden ~~providers~~ *them*. The unit may require health care providers and health carriers to collect and provide *all* patient health records *and claim files*, ~~provide mailing lists of patients who have consented to release of data,~~ and cooperate in other ways with the data collection process. ~~For purposes of this chapter, the health care analysis unit shall assign, or require health care providers and health carriers to assign, a unique identification number to each patient to~~

~~safeguard patient identity.~~ *The unit may also require health care providers and health carriers to provide mailing lists of patients who have consented to release of data. The commissioner shall require all health care providers, group purchasers, and state agencies to use a standard patient identifier and a standard identifier for providers and health plans when reporting data under this chapter. The data analysis unit must code patient identifiers to prevent identification and to enable release of otherwise private data to researchers, providers, and group purchasers in a manner consistent with chapter 13 and section 144.335.*

Sec. 3. Minnesota Statutes 1992, section 62J.30, subdivision 7, is amended to read:

Subd. 7. [DATA CLASSIFICATION.] (a) Data collected through the large-scale data base initiatives of the health care analysis unit required by section 62J.31 that identify individuals are private data on individuals. Data not on individuals are nonpublic data. The commissioner may release private data on individuals and nonpublic data to researchers affiliated with university research centers or departments who are conducting research on health outcomes, practice parameters, and medical practice style; researchers working under contract with the commissioner; and individuals purchasing health care services for health carriers and groups. ~~Prior to releasing any nonpublic or private data under this paragraph that identify or relate to a specific health carrier, medical provider, or health care facility, the commissioner shall provide at least 30 days' notice to the subject of the data, including a copy of the relevant data, and allow the subject of the data to provide a brief explanation or comment on the data which must be released with the data.~~ *The commissioner shall require any person or organization receiving under this subdivision either private data on individuals or nonpublic data to sign an agreement to maintain the data that it receives according to the statutory provisions applicable to the data. The agreement shall not limit the preparation and dissemination of summary data as permitted under section 13.05, subdivision 7.* To the extent reasonably possible, release of private or confidential data under this chapter shall be made without releasing data that could reveal the identity of individuals and should instead be released using the identification numbers required by subdivision 6.

(b) Summary data derived from data collected through the large-scale data base initiatives of the health care analysis unit may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner.

(c) The commissioner shall adopt rules to establish criteria and procedures to govern access to and the use of data collected through the initiatives of the health care analysis unit.

Sec. 4. Minnesota Statutes 1992, section 62J.30, subdivision 8, is amended to read:

Subd. 8. [DATA COLLECTION ADVISORY COMMITTEE.] *(a)* The commissioner shall convene a 15-member data collection advisory committee consisting of health service researchers, health care providers, health carrier representatives, representatives of businesses that purchase health coverage, and consumers. Six members of this committee must be health care providers. The advisory committee shall evaluate methods of data collection and shall recommend to the commissioner methods of data collection that minimize administrative burdens, address data privacy concerns, and meet the needs of

health service researchers. The advisory committee is governed by section 15.059.

(b) The data collection advisory committee shall develop a timeline to complete all responsibilities and transfer any ongoing responsibilities to the data institute. The timeline must specify the data on which ongoing responsibilities will be transferred. This transfer must be completed by July 1, 1994.

Sec. 5. Minnesota Statutes 1992, section 62J.32, subdivision 4, is amended to read:

Subd. 4. [PRACTICE PARAMETER ADVISORY COMMITTEE.] *(a)* The commissioner shall convene a 15-member practice parameter advisory committee comprised of eight health care professionals, and representatives of the research community and the medical technology industry. The committee shall present recommendations on the adoption of practice parameters to the commissioner and the Minnesota health care commission and provide technical assistance as needed to the commissioner and the commission. The advisory committee is governed by section 15.059, but does not expire.

(b) The commissioner, upon the advice and recommendation of the practice parameter advisory committee, may convene expert review panels to assess practice parameters and outcome research associated with practice parameters.

Sec. 6. Minnesota Statutes 1992, section 62J.34, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] The commissioner of health, after receiving the advice and recommendations of the Minnesota health care commission, may approve practice parameters that are endorsed, developed, or revised by the health care analysis unit. The commissioner is exempt from the rulemaking requirements of chapter 14 when approving practice parameters approved by the federal agency for health care policy and research, practice parameters adopted for use by ~~a national medical society, or national medical specialty society~~ *the American Medical Association, the National Medical Association, a member board of the American Board of Medical Specialties, a board approved by the American Osteopathic Association, a college or board approved by the Royal College of Physicians and Surgeons of Canada, a national health professional board or association, a board approved by the American Dental Association*. The commissioner shall use rulemaking to approve practice parameters that are newly developed or substantially revised by the health care analysis unit. Practice parameters adopted without rulemaking must be published in the State Register.

Sec. 7. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [RELEASE OF RECORDS TO COMMISSIONER OF HEALTH OR DATA INSTITUTE.] *Subdivision 3a does not apply to the release of health records to the commissioner of health or the data institute under chapter 62J, provided that the commissioner encrypts the patient identifier upon receipt of the data.*

Sec. 8. Minnesota Statutes 1992, section 214.16, subdivision 3, is amended to read:

Subd. 3. [GROUNDS FOR DISCIPLINARY ACTION.] The board shall take disciplinary action, *which may include license revocation,* against a regulated person for:

(1) *intentional* failure to provide the commissioner of health *or the health care analysis unit established under section 62J.30* with *the* data ~~on gross patient revenue as~~ required under ~~section 62J.04~~ *chapter 62J*;

(2) ~~failure to provide the health care analysis unit with data as required under Laws 1992, chapter 549, article 7;~~

~~(3)~~ *intentional* failure to provide the commissioner of revenue with data on gross revenue and other information required for the commissioner to implement sections 295.50 to 295.58; and

~~(4)~~ *(3) intentional* failure to pay the health care provider tax required under section 295.52.

ARTICLE 13

FINANCING

Section 1. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from the Minnesota Medical Association and the Minnesota Pharmacists Association, 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 shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the

requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. 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~~ *shall* be estimated by the commissioner, *at average wholesale price minus 7.6 percent effective January 1, 1994*. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a

30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written – brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until January 4, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 2. Minnesota Statutes 1992, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A, 290, 290A, 291, and 297A *and sections 295.50 to 295.59*, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 3. Minnesota Statutes 1992, section 295.50, subdivision 3, is amended to read:

Subd. 3. [GROSS REVENUES.] ~~(a)~~ "Gross revenues" are total amounts received in money or otherwise by:

(1) a resident hospital for ~~inpatient or outpatient~~ *patient* services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29~~;

(2) *a resident surgical center for patient services;*

(3) a nonresident hospital for ~~inpatient or outpatient~~ *patient* services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29,~~ provided to patients domiciled in Minnesota;

(4) a nonresident surgical center for patient services provided to patients domiciled in Minnesota;

~~(3)~~ *(5)* a resident health care provider, other than a ~~health maintenance organization~~ *staff model health carrier*, for ~~covered~~ *patient* services ~~listed in section 256B.0625~~;

~~(4)~~ *(6)* a nonresident health care provider for ~~covered~~ *patient* services ~~listed in section 256B.0625~~ provided to an individual domiciled in Minnesota;

~~(5)~~ *(7)* a wholesale drug distributor for sale or distribution of prescription drugs that are delivered ~~in Minnesota by the distributor or a common carrier~~: *(i) to a Minnesota resident by a wholesale drug distributor who is a nonresident pharmacy directly, by common carrier, or by mail; or (ii) in Minnesota by the wholesale drug distributor, by common carrier, or by mail*, unless the prescription drugs are delivered to another wholesale drug distributor. *Prescription drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325*; and

~~(6)~~ *(8)* a ~~health maintenance organization~~ *staff model health carrier* as gross premiums for enrollees, ~~carrier~~ copayments, *deductibles, coinsurance,* and fees for ~~covered~~ *patient* services ~~listed in section 256B.0625~~ *covered under its contracts with groups and enrollees.*

~~(b) Gross revenues do not include governmental, foundation, or other grants or donations to a hospital or health care provider for operating or other costs.~~

Sec. 4. Minnesota Statutes 1992, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] *(a)* "Health care provider" ~~is a vendor of medical care qualifying for reimbursement under the medical assistance program provided under chapter 256B, and includes health maintenance organizations but excludes hospitals and pharmacies~~ *means:*

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any goods and services not listed above that qualifies for reimbursement under the medical assistance program provided under chapter 256B;

(2) a staff model health carrier;

(3) a licensed ambulance service; or

(4) a pharmacy as defined in section 151.01.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A, and surgical centers.

Sec. 5. Minnesota Statutes 1992, section 295.50, subdivision 7, is amended to read:

Subd. 7. [HOSPITAL.] "Hospital" ~~is~~ *means* a hospital licensed under chapter 144, *or* a hospital ~~providing inpatient or outpatient services~~ licensed by any other state or province or territory of Canada ~~or a surgical center~~.

Sec. 6. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9a. [PATIENT SERVICES.] *"Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:*

(1) bed and board;

(2) nursing services and other related services;

(3) use of hospitals, surgical centers, or health care provider facilities;

(4) medical social services;

(5) drugs, biologicals, supplies, appliances, and equipment;

(6) other diagnostic or therapeutic items or services;

(7) medical or surgical services;

(8) items and services furnished to ambulatory patients not requiring emergency care;

(9) emergency services; and

(10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 7. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9b. [PERSON.] *"Person" means an individual, partnership, limited liability company, corporation, association, governmental unit or agency, or public or private organization of any kind.*

Sec. 8. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 10a. [REGIONAL TREATMENT CENTER.] *"Regional treatment center" means a regional center as defined in section 253B.02, subdivision 18, and named in sections 252.025, subdivision 1; 253.015, subdivision 1; 253.201; and 254.05.*

Sec. 9. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 12a. [STAFF MODEL HEALTH CARRIER.] *"Staff model health carrier" means a health carrier as defined in section 62L.02, subdivision 16, which employs one or more types of health care provider to deliver health care services to the health carrier's enrollees.*

Sec. 10. Minnesota Statutes 1992, section 295.50, subdivision 14, is amended to read:

Subd. 14. [WHOLESALE DRUG DISTRIBUTOR.] "Wholesale drug distributor" means a wholesale drug distributor required to be licensed under

sections 151.42 to 151.51 *or a nonresident pharmacy required to be registered under section 151.19.*

Sec. 11. Minnesota Statutes 1992, section 295.51, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS TRANSACTIONS IN MINNESOTA.] A hospital, *surgical center,* or health care provider is subject to tax under sections 295.50 to 295.58 if it is "transacting business in Minnesota." A hospital, *surgical center,* or health care provider is transacting business in Minnesota only if it:

(1) maintains an office in Minnesota *used in the trade or business of providing patient services*;

(2) has employees, representatives, or independent contractors conducting business in Minnesota *related to the trade or business of providing patient services*;

(3) regularly ~~sells~~ ~~covered~~ *provides patient* services to customers that receive the ~~covered~~ services in Minnesota;

(4) regularly solicits business from potential customers in Minnesota. *A hospital, surgical center, or health care provider is presumed to regularly solicit business within Minnesota if it receives gross receipts for patient services from 20 or more patients domiciled in Minnesota in a calendar year*;

(5) regularly performs services outside Minnesota the benefits of which are consumed in Minnesota;

(6) owns or leases tangible personal or real property physically located in Minnesota *and used in the trade or business of providing patient services*; or

(7) receives medical assistance payments from the state of Minnesota.

Sec. 12. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 1a. [SURGICAL CENTER TAX.] *A tax is imposed on each surgical center equal to two percent of its gross revenues.*

Sec. 13. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 6. [VOLUNTEER AMBULANCE SERVICES.] *Licensed ambulance services for which all the ambulance attendants are "volunteer ambulance attendants" as defined in section 144.8091, subdivision 2, are not subject to the tax under this section.*

Sec. 14. Minnesota Statutes 1992, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] The following payments are excluded from the gross revenues subject to the hospital, *surgical center,* or health care provider taxes under sections 295.50 to 295.57:

(1) payments received ~~from the federal government~~ for services provided under the Medicare program, *including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII the federal Social Security Act, United States Code, title 42, section 1395,* ~~excluding~~ *and* enrollee ~~deductible~~ *deductibles, coinsurance,* and ~~coinsurance~~

~~payments~~ *copayments, whether paid by the individual or by insurer or other third party. Payments for services not covered by Medicare are taxable*;

(2) medical assistance payments *including payments received directly from the government or from a prepaid plan*;

(3) payments received for ~~services performed by nursing homes licensed under chapter 144A, services provided in supervised living facilities and~~ home health care services;

(4) payments received from hospitals *or surgical centers* for goods and services ~~that are subject to tax~~ *on which liability for tax is imposed* under section 295.52 *or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10)*;

(5) payments received from health care providers for goods and services ~~that are subject to tax~~ *on which liability for tax is imposed* under ~~section~~ *sections* 295.52 *to 295.57 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10)*;

(6) amounts paid for prescription drugs, *other than nutritional products,* to a wholesale drug distributor reduced by reimbursements received for prescription drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program *including payments received directly from the government or from a prepaid plan*;

(8) payments received for providing services under the ~~health right~~ *MinnesotaCare* program ~~under Laws 1992, chapter 549, article~~ 4 *including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments*; ~~and~~

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota~~.~~*;*

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services if the services are incidental to conducting medical research;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2; and

(15) government payments received by a regional treatment center.

Sec. 15. Minnesota Statutes 1992, section 295.53, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIONS FOR ~~HEALTH MAINTENANCE ORGANIZATIONS~~ *STAFF MODEL HEALTH CARRIERS.*] ~~(a)~~ In addition to the exemptions allowed under subdivision 1, ~~a health maintenance organization~~ *staff model health carrier* may deduct from its gross revenues for the year:

(1) amounts paid to hospitals, surgical centers, and health care providers that are not employees of the staff model health carrier for services on which liability for the tax is imposed under section 295.52;

~~(1)~~ *(2)* amounts added to reserves, if total reserves do not exceed ~~25 percent of gross revenues for the prior year~~ *200 percent of the statutory net worth requirement, the calculation of which may be determined on a consolidated basis, taking into account the amounts held in reserve by affiliated staff model health carriers*;

~~(2)~~ *(3)* assessments for the comprehensive health insurance plan under section 62E.11 ~~paid during the year~~; and

~~(3) an allowance~~ *(4) amounts spent* for administration ~~and underwriting~~ *as reported as total administration to the department of health in the statement of revenues, expenses, and net worth pursuant to section 62D.08, subdivision 3, clause (a).*

~~(b) The commissioner of health, in consultation with the commissioners of commerce and revenue, shall establish by rule under chapter 14 the percentage of health maintenance revenue that will be allowed as a deduction for administrative and underwriting expenses. The commissioner of health shall determine the percentage allowance based on the average expenses of health maintenance organizations that are equivalent to the claims administration and other underwriting services of third party payors. These expenses do not include the portion of health maintenance organization costs that are similar to the administrative costs of direct health care providers, rather than third party payors, and do not include costs deductible under paragraph (a), clauses (1) and (2). The commissioner of health may adopt emergency rules.~~

Sec. 16. Minnesota Statutes 1992, section 295.53, subdivision 3, is amended to read:

Subd. 3. [RESTRICTION ON ITEMIZATION.] A hospital, *surgical center,* or health care provider must not separately state the tax obligation under section 295.52 on bills provided to individual patients.

Sec. 17. Minnesota Statutes 1992, section 295.53, is amended by adding a subdivision to read:

Subd. 4. [DEDUCTION FOR RESEARCH.] *(a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider which is exempt under section 501(c)(3) of the Internal Revenue Code of 1986 or is owned and operated under authority of a governmental unit, may deduct from its gross revenues subject to the hospital or health care provider taxes under sections 295.50 to 295.57 revenues equal to expenditures for allowable research programs.*

(b) For purposes of this subdivision, expenditures for allowable research programs are the direct and general program costs for activities which are part of a formal program of medical and health care research approved by the

governing body of the hospital or health care provider which also includes active solicitation of research funds from government and private sources. Any allowable research on humans or animals must be subject to review by appropriate regulatory committees operating in conformity with federal regulations such as an institutional review board or an institutional animal care and use committee. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No deduction shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed or for which the tax liability under section 295.52 has been received from a third party as provided for in section 295.582.

(d) Effective beginning with calendar year 1995, the taxpayer shall not take the deduction under this section into account in determining estimated tax payments or the payment made with the annual return under section 295.55. The total deduction allowable to all taxpayers under this section for calendar years beginning after December 31, 1994, may not exceed $65,000,000. To implement this limit, each qualifying hospital and qualifying health care provider shall submit to the commissioner by March 15 its total expenditures qualifying for the deduction under this section for the previous calendar year. The commissioner shall sum the total expenditures of all taxpayers qualifying under this section for the calendar year. If the resulting amount exceeds $65,000,000, the commissioner shall allocate a part of the $65,000,000 deduction limit to each qualifying hospital and health care provider in proportion to its share of the total deductions. The commissioner shall pay a refund to each qualifying hospital or provider equal to its share of the deduction limit multiplied by two percent. The commissioner shall pay the refund no later than May 15 of the calendar year.

Sec. 18. Minnesota Statutes 1992, section 295.54, is amended to read:

295.54 [CREDIT FOR TAXES PAID TO ANOTHER STATE.]

A resident hospital, *resident surgical center,* or resident health care provider who is liable for taxes payable to another state or province or territory of Canada measured by gross receipts and is subject to tax under section 295.52 is entitled to a credit for the tax paid to another state or province or territory of Canada to the extent of the lesser of (1) the tax actually paid to the other state or province or territory of Canada, or (2) the amount of tax imposed by Minnesota on the gross receipts subject to tax in the other taxing jurisdictions.

Sec. 19. Minnesota Statutes 1992, section 295.55, subdivision 4, is amended to read:

Subd. 4. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] A taxpayer with an aggregate tax liability of ~~$60,000~~ *$30,000* or more during a calendar quarter ending the last day of March, June, September, or December *of the first year the taxpayer is subject to the tax* must ~~thereafter~~ remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), *for the remainder of the year. A taxpayer with an aggregate tax liability of $120,000 or more during a calendar year, must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), in the*

subsequent calendar year. The funds transfer payment date, as defined in section 336.4A-401, is on or before the date the tax is due. If the date the tax is due is not a funds-transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date is on or before the first funds-transfer business day after the date the tax is due.

Sec. 20. Minnesota Statutes 1992, section 295.57, is amended to read:

295.57 [COLLECTION AND ENFORCEMENT; *REFUNDS;* RULEMAKING; APPLICATION OF OTHER CHAPTERS.]

Unless specifically provided otherwise by sections 295.50 to 295.58, the enforcement, interest, and penalty provisions under chapter 294, appeal ~~and~~ *provisions in sections 289A.43 and 289A.65,* criminal ~~penalty~~ *penalties in section 289A.63, and refunds* provisions ~~under chapter 289A~~ *in section 289A.50*, and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to 295.58.

Sec. 21. Minnesota Statutes 1992, section 295.58, is amended to read:

295.58 [DEPOSIT OF REVENUES *AND PAYMENT OF REFUNDS.*]

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations and nonprofit health service corporations in the health care access fund in the state treasury. *Refunds of overpayments must be paid from the health care access fund in the state treasury.*

Sec. 22. Laws 1992, chapter 549, article 9, section 19, is amended to read as follows:

Sec. 19. [295.582] [~~PASSTHROUGH~~ *AUTHORITY.*]

~~Subdivision 1. [AUTHORITY.]~~ A hospital, *surgical center, or health care provider* that is subject to a tax under section ~~7~~ *295.52* may transfer additional expense generated by section ~~7~~ *295.52* obligations on to all third-party contracts for the purchase of health care services on behalf of a patient or consumer. The expense must not exceed two percent of the gross revenues received under the third-party contract, including copayments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section ~~8~~ *295.53*. All third-party purchasers of health care services including, but not limited to, third-party purchasers regulated under chapters 60A, 62A, 62C, 62D, 64B, or 62H, must pay the transferred expense in addition to any payments due under existing or future contracts with the hospital, *surgical center,* or health care provider, to the extent allowed under federal law. Nothing in this subdivision limits the ability of a hospital, *surgical center, or health care provider* to recover all or part of the section ~~7~~ *295.52* obligation by other methods, including increasing fees or charges.

~~Subd. 2. [EXPIRATION.] This section expires January 1, 1994.~~

Sec. 23. Minnesota Statutes 1992, section 295.59, is amended to read:

295.59 [SEVERABILITY.]

If any section, subdivision, clause, or phrase of sections 295.50 to ~~295.58~~ *295.582* is for any reason held to be unconstitutional or in violation of federal

law, the decision shall not affect the validity of the remaining portions of sections 295.50 to ~~295.58~~ *295.582*. The legislature declares that it would have passed sections 295.50 to ~~295.58~~ *295.582* and each section, subdivision, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, or phrases is declared unconstitutional.

Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 295.50, subdivisions 5 and 10, are repealed.

Minnesota Statutes 1992, section 295.51, subdivision 2, is repealed.

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 2, 4, 5, 7, and 21 are effective the day following final enactment.

Sections 3, 6, clauses (1) to (9), 8, 11, 12, 14, 16, and 18 are effective retroactively to gross revenues generated by services performed and goods sold after December 31, 1992.

Section 6, clause (10), 9, 10, 13, and 15 are effective for services performed and goods sold after December 31, 1993.

For hospitals, section 17 is effective for gross revenues generated after December 31, 1992. For health care providers, section 17 is effective for gross revenues generated after December 31, 1993.

Section 19 is effective for payments due in calendar year 1994, and thereafter, based on the payments made in fiscal year ending June 30, 1993.

Sections 20, 22, and 23 are effective January 1, 1993.

ARTICLE 14

APPROPRIATIONS

Section 1. APPROPRIATIONS

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the health care access fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "1994" and "1995" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1994, or June 30, 1995, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	1994	1995
Sec. 2. DEPARTMENT OF HUMAN SERVICES		
Health Care Access Fund	$44,475,000	$96,040,000
General Fund	2,919,000	6,704,000

The general fund appropriation is for costs in the medical assistance and general assistance medical care programs.

Of the health care access fund appropriation, $7,790,000 the first year and $10,897,000 the second year is for administration of the MinnesotaCare program and $36,685,000 the first year and $85,143,000 the second year is for the MinnesotaCare subsidized health care plan.

Sec. 3. DEPARTMENT OF HEALTH	5,137,000	5,962,000
Sec. 4. UNIVERSITY OF MINNESOTA	2,277,000	2,357,000
Sec. 5. HIGHER EDUCATION COORDINATING BOARD	578,000	707,000
Sec. 6. LEGISLATIVE COORDINATING COMMISSION	175,000	175,000
Sec. 7. DEPARTMENT OF COMMERCE GENERAL FUND	175,000	162,000
Sec. 8. DEPARTMENT OF REVENUE	1,037,000	1,367,000
Sec. 9. DEPARTMENT OF EMPLOYEE RELATIONS	3,554,000	7,125,000

Sec. 10. [TRANSFERS.]

The commissioner of finance shall transfer $10,907,000 in fiscal year 1994 and $25,842,000 in fiscal year 1995 from the health care access fund to the general fund.

The commissioner of finance shall transfer $189,000 in fiscal year 1994 and $239,000 in fiscal year 1995 from the health care access fund to the special revenue fund for MAXIS.

Sec. 11. [CARRY FORWARD.]

Subdivision 1. $250,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to develop and implement a program to establish community health centers in rural areas of the state as authorized in Minnesota Statutes, section 144.1486.

Subd. 2. $250,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to award transition grants to rural hospitals as authorized in Minnesota Statutes, section 144.147.

Subd. 3. $200,000 of the appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994, to award sole community hospital financial assistance grants as authorized by Minnesota Statutes, section 144.1484.

Subd. 4. The entire appropriation in Laws 1992, chapter 549, article 10, section 1, subdivision 3, is available until June 30, 1994.

Subd. 5. Notwithstanding Laws 1992, chapter 549, article 10, section 1, subdivision 1, $569,000 of the amount appropriated to the commissioner of revenue in Laws 1992, chapter 549, article 10, section 1, subdivision 8, is available until June 30, 1994.

Subd. 6. Up to $600,000 of the appropriation for systems modification and start-up costs for MinnesotaCare contained in Laws 1992, chapter 549, article 10, section 1, subdivision 4, shall not cancel, but may be transferred to the state systems account established in Minnesota Statutes, section 256.014, to complete the work of integrating MinnesotaCare into the Medicaid management information system."

Delete the title and insert:

"A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating ingegrated service networks; requiring regulation of health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; requiring certain studies; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.17, by adding a subdivision; 43A.317, subdivision 5; 60K.14, by adding a subdivision; 62A.021, subdivision 1; 62A.65; 62C.16, by adding a subdivision; 62D.042, subdivision 2; 62D.12, by adding a subdivision; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding subdivisions; 62J.05, by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 124C.62; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 151.21; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and by adding a subdivision; 256.9356; 256.9357, subdivision 1; 256.9657, subdivision 3; 256B.057, subdivisions 1, 2a, and by adding a subdivision; 256B.0625, subdivision 13; 256B.0644; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 2, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; and 625.15, by adding a subdivision; Laws 1992, chapter 549, article 7, section 9, and article 9, section 19; proposing coding for new law in Minnesota Statutes, chapters 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62P; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivisions 5 and 10; and 295.51, subdivision 2."

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

House Conferees: (Signed) Lee Greenfield, Roger Cooper, Becky Lourey, Peggy Leppik, Don L. Frerichs

Senate Conferees: (Signed) Linda Berglin, Duane D. Benson, Pat Piper, Sheila M. Kiscaden, William P. Luther

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1178 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. 1178 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 17, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Krentz	Morse	Ranum
Beckman	Flynn	Kroening	Murphy	Reichgott
Belanger	Hottinger	Laidig	Novak	Riveness
Benson, D.D.	Janezich	Langseth	Oliver	Robertson
Benson, J.E.	Johnson, D.E.	Luther	Olson	Sams
Berglin	Johnson, D.J.	Marty	Pappas	Solon
Betzold	Johnson, J.B.	McGowan	Pariseau	Spear
Chandler	Kelly	Metzen	Piper	Stumpf
Cohen	Kiscaden	Moe, R.D.	Pogemiller	Terwilliger
Dille	Knutson	Mondale	Price	Wiener

Those who voted in the negative were:

Adkins	Day	Larson	Neuville	Vickerman
Berg	Frederickson	Lesewski	Runbeck	
Bertram	Hanson	Lessard	Samuelson	
Chmielewski	Johnston	Merriam	Stevens	

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

House File No. 514 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 514

A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs

submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 514, 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. 514 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1992, section 115.061, is amended to read:

115.061 [DUTY TO NOTIFY AND AVOID WATER POLLUTION.]

(a) Except as provided in paragraph (b), it is the duty of every person to notify the agency immediately of the discharge, accidental or otherwise, of any substance or material under its control which, if not recovered, may cause pollution of waters of the state, and the responsible person shall recover as rapidly and as thoroughly as possible such substance or material and take immediately such other action as may be reasonably possible to minimize or abate pollution of waters of the state caused thereby.

(b) Notification is not required under paragraph (a) for a discharge of five gallons or less of petroleum, as defined in section 115C.02, subdivision 10. This paragraph does not affect the other requirements of paragraph (a).

Sec. 2. Minnesota Statutes 1992, section 115C.02, subdivision 10, is amended to read:

Subd. 10. [PETROLEUM.] "Petroleum" means:

(1) ~~gasoline and fuel oil as defined in section 296.01, subdivisions 18 and 21;~~

~~(2) crude oil or a fraction of crude oil that is liquid at a temperature of 60 degrees Fahrenheit and pressure of 14.7 pounds per square inch absolute; or~~

~~(3) constituents of gasoline and fuel oil under clause (1) and crude oil under clause (2).~~ *liquid petroleum products as defined in section 296.01;*

(2) new and used lubricating oils; and

(3) new and used hydraulic oils used in lifts to raise motor vehicles or farm equipment and for servicing or repairing motor vehicles or farm equipment.

Sec. 3. Minnesota Statutes 1992, section 115C.02, subdivision 14, is amended to read:

Subd. 14. [TANK.] "Tank" means any one or a combination of containers, vessels, and enclosures, including structures and appurtenances connected to them, that is, or has been, used to contain or dispense petroleum.

"Tank" does not include:

(1) a mobile storage tank *with a capacity of 500 gallons or less* used to transport petroleum ~~from one location to another~~ *only on the person's private property and which is used only for home heating fuel*; or

(2) pipeline facilities, including gathering lines, regulated under the Natural Gas Pipeline Safety Act of 1968, United States Code, title 49, chapter 24, or the Hazardous Liquid Pipeline Safety Act of 1979, United States Code, title 49, chapter 29.

Sec. 4. Minnesota Statutes 1992, section 115C.03, is amended by adding a subdivision to read:

Subd. 1a. [PASSIVE BIOREMEDIATION.] *Passive bioremediation must be used for petroleum tank cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment.*

Sec. 5. Minnesota Statutes 1992, section 115C.03, is amended by adding a subdivision to read:

Subd. 7a. [REVIEW OF AGENCY EMPLOYEE DECISIONS.] *A person aggrieved by a decision made by an employee of the agency relating to the need for or implementation of a corrective action may seek review of the decision by the commissioner. An application for review must state with specificity the decision for which review is sought, the name of the leak site, the leak number, the date the decision was made, the agency employee who made the decision, the ramifications of the decision, and any additional pertinent information. The commissioner shall review the application and schedule a time, date, and place for the aggrieved person to explain the grievance and for the agency employee to explain the decision under review. The commissioner shall issue a decision either sustaining or reversing the decision of the employee. The aggrieved person may appeal the commissioner's decision to the pollution control agency board in accordance with Minnesota Rules, part 7000.0500, subpart 6.*

Sec. 6. Minnesota Statutes 1992, section 115C.07, is amended to read:

115C.07 [PETROLEUM TANK RELEASE COMPENSATION BOARD.]

Subdivision 1. [ESTABLISHMENT.] The petroleum tank release compensation board consists of the commissioner of the pollution control agency, the commissioner of commerce, ~~two representatives~~ *one representative* from the petroleum industry, *one public member*, and one ~~representative from the~~

~~insurance industry~~ *person with experience in claims adjustment*. The governor shall appoint the members ~~from the insurance and petroleum industry~~ *of the board*. The filling of positions ~~reserved for industry representatives~~, vacancies, membership terms, payment of compensation and expenses, and removal of members are governed by section 15.0575. The governor shall designate the chair of the board.

Subd. 2. [STAFF.] The commissioner of commerce shall provide staff to support the activities of the board *at the board's request*.

Subd. 3. [RULES.] (a) The board shall adopt rules regarding its practices and procedures, the form and procedure for applications for compensation from the fund, procedures for investigation of claims and specifying the costs that are eligible for reimbursement from the fund.

(b) The board may adopt emergency rules under this subdivision for one year after June 4 *1*, ~~1987~~ *1993*.

(c) ~~The board shall adopt emergency rules within four months of May 25, 1991, and permanent rules within one year of May 25, 1991, designed to ensure that costs submitted to the board for reimbursement are reasonable. The rules shall include a requirement that persons taking corrective action solicit competitive bids, based on unit service costs, except in circumstances where the board determines that such solicitation is not feasible.~~ *The board shall adopt emergency rules on competitive bidding that specify a bid format and an invoice format that are consistent with each other and with an application for reimbursement.*

(d) The board shall adopt emergency rules under sections 14.29 and 14.385 to establish costs that are not eligible for reimbursement.

(e) By January 1, 1994, the board shall publish proposed rules establishing a fee schedule of costs or criteria for evaluating the reasonableness of costs submitted for reimbursement. The board shall adopt the rules by June 1, 1994.

~~(d)~~ *(f)* The board may adopt rules requiring certification of environmental consultants.

(g) The board may adopt other rules necessary to implement this chapter.

Sec. 7. Minnesota Statutes 1992, section 115C.08, subdivision 1, is amended to read:

Subdivision 1. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to a petroleum tank release cleanup account in the environmental fund ~~in the state treasury~~:

(1) the proceeds of the fee imposed by subdivision 3;

(2) money recovered by the state under sections 115C.04, 115C.05, and 116.491, including administrative expenses, civil penalties, and money paid under an agreement, stipulation, or settlement;

(3) interest attributable to investment of money in the account;

(4) money received by the board and agency in the form of gifts, grants other than federal grants, reimbursements, or appropriations from any source intended to be used for the purposes of the account; ~~and~~

(5) fees charged for the operation of the tank installer certification program established under section 116.491; *and*

(6) money obtained from the return of reimbursements, civil penalties, or other board action under this chapter.

Sec. 8. Minnesota Statutes 1992, section 115C.08, subdivision 2, is amended to read:

Subd. 2. [IMPOSITION OF FEE.] The board shall notify the commissioner of revenue if the unencumbered balance of the account falls below ~~$2,000,000~~ *$4,000,000*, and within 60 days after receiving notice from the board, the commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Sec. 9. Minnesota Statutes 1992, section 115C.08, subdivision 3, is amended to read:

Subd. 3. [PETROLEUM TANK RELEASE CLEANUP FEE.] A petroleum tank release cleanup fee is imposed on the use of tanks that contain petroleum products defined in section 296.01. On products other than gasoline, the fee must be paid in the manner provided in section 296.14 by the first licensed distributor receiving the product in Minnesota, as defined in section 296.01. When the product is gasoline, the distributor responsible for payment of the gasoline tax is also responsible for payment of the petroleum tank cleanup fee. The fee must be imposed as required under subdivision 3, at a rate of ~~$10~~ *$20* per 1,000 gallons of petroleum products, rounded to the nearest 1,000 gallons. A distributor who fails to pay the fee imposed under this section is subject to the penalties provided in section 296.15.

Sec. 10. Minnesota Statutes 1992, section 115C.08, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURES.] *(a)* Money in the account may only be spent:

(1) to administer the petroleum tank release cleanup program established in ~~sections 115C.03 to 115C.10~~ *this chapter*;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks; ~~and~~

(6) for reimbursement of the harmful substance compensation account under sections 115B.26, subdivision 4; and 115C.08, subdivision 5; *and*

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter.

(b) Money in the account is appropriated to the board to make reimbursements or payments under this section.

Sec. 11. Minnesota Statutes 1992, section 115C.09, subdivision 1, is amended to read:

Subdivision 1. [REIMBURSABLE COSTS.] (a) The board shall provide partial reimbursement to eligible responsible persons for reimbursable costs incurred after June 4, 1987.

(b) The following costs are reimbursable for purposes of this section:

(1) corrective action costs incurred by the responsible person *and documented in a form prescribed by the board*, except the costs related to the physical removal of a tank;

(2) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury or property damage caused by a release if the responsible person's liability for the costs has been established by a court order or a consent decree; and

(3) up to 180 days worth of interest costs, incurred after May 25, 1991, associated with the financing of corrective action. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270.75, subdivision 5, at the time the financing contract was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or consent decree establishing the liability is entered. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3.

Sec. 12. Minnesota Statutes 1992, section 115C.09, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENTS; SUBROGATION; APPROPRIATION.] (a) The board shall reimburse a responsible person who is eligible under subdivision 2 from the account for ~~90 percent of the portion of the total reimbursable costs or $1,000,000, whichever is less~~ *90 percent of the total reimbursable costs on the first $250,000 and 75 percent on any remaining costs in excess of $250,000 on a site.*

Not more than $1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than $2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the account under this subdivision until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) A reimbursement may not be made from the account under this subdivision in response to either an initial or supplemental application for

costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the responsible person has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the responsible person under this subdivision.

(d) If the board reimburses a responsible person for costs for which the responsible person has petroleum tank leakage or spill insurance coverage, the board is subrogated to the rights of the responsible person with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by a responsible person of reimbursement constitutes an assignment by the responsible person to the board of any rights of the responsible person with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the responsible party the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the responsible person was denied coverage by the insurer.

(e) Money in the account is appropriated to the board to make reimbursements under this section. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(f) The board shall reduce the amount of reimbursement to be made under this section if it finds that the responsible person has not complied with *a provision of this chapter, a rule or order issued under this chapter, or* one or more of the following requirements:

(1) at the time of the release the tank was in substantial compliance with state and federal rules and regulations applicable to the tank, including rules or regulations relating to financial responsibility;

(2) the agency was given notice of the release as required by section 115.061;

(3) the responsible person, to the extent possible, fully cooperated with the agency in responding to the release; and

(4) if the responsible person is an operator, the person exercised due care with regard to operation of the tank, including maintaining inventory control procedures.

(g) The reimbursement shall be reduced as much as 100 percent for failure by the responsible person to comply with the requirements in paragraph (f), clauses (1) to (4). In determining the amount of the reimbursement reduction, the board shall consider:

(1) the likely environmental impact of the noncompliance;

(2) whether the noncompliance was negligent, knowing, or willful;

(3) the deterrent effect of the award reduction on other tank owners and operators; and

(4) the amount of reimbursement reduction recommended by the commissioner.

(h) A ~~responsible~~ person may assign the right to receive reimbursement to each lender~~,~~ who advanced funds to pay the costs of the corrective action~~,~~ or to each contractor~~,~~ *or consultant* who provided corrective action services. An assignment must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the responsible person, the identity of the assignee, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the responsible person is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the responsible person and to one or more assignees by a multiparty check. The board has no liability to a responsible person for a payment under an assignment meeting the requirements of this paragraph.

Sec. 13. Minnesota Statutes 1992, section 115C.09, subdivision 3a, is amended to read:

Subd. 3a. [ELIGIBILITY OF OTHER PERSONS.] Notwithstanding the provisions of subdivisions 1 to 3, the board shall provide full reimbursement to a person who has taken corrective action if the board *or commissioner of commerce* determines that:

(1) the person took the corrective action in response to a request or order of the commissioner made under this chapter;

(2) the commissioner has determined that the person was not a responsible person under section 115C.02; and

(3) the costs for which reimbursement is requested were actually incurred and were reasonable.

Sec. 14. Minnesota Statutes 1992, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. [RELEASE AT REFINERIES AND TANK FACILITIES NOT ELIGIBLE FOR REIMBURSEMENT.] Notwithstanding other provisions of subdivisions 1 to 3b, a reimbursement may not be made under this section for costs associated with a release:

(1) from a tank located at a petroleum refinery; or

(2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

Clause (2) does not apply to reimbursement for costs associated with a release from a tank facility owned or operated by a person engaged in the business of mining iron ore or taconite.

Sec. 15. Minnesota Statutes 1992, section 115C.09, is amended by adding a subdivision to read:

Subd. 9. [INSUFFICIENT FUNDS.] *The board may not approve an application for reimbursement if there are insufficient funds available to pay the reimbursement.*

Sec. 16. Minnesota Statutes 1992, section 115C.09, is amended by adding a subdivision to read:

Subd. 10. [DELEGATION OF BOARD'S POWERS.] *The board may delegate to the commissioner of commerce its powers and duties under this section.*

Sec. 17. Minnesota Statutes 1992, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors must register with the board in order to participate in the petroleum tank release cleanup program.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) An applicant who applies for reimbursement must use a registered consultant and contractor in order to be eligible for reimbursement.

(d) The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.

(e) Work performed by an unregistered consultant or contractor is ineligible for reimbursement.

(f) Work performed by a consultant or contractor prior to being removed from the registration list may be reimbursed by the board.

(g) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

(h) Registration is effective on the date a complete application is received by the board. The board may reimburse the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

Sec. 18. [115C.12] [APPEAL OF REIMBURSEMENT DETERMINATION.]

(a) A person may appeal to the board within 90 days after notice of a reimbursement determination made under section 115C.09 by submitting a written notice setting forth the specific basis for the appeal.

(b) The board shall consider the appeal within 90 days of the notice of appeal. The board shall notify the appealing party of the date of the meeting at which the appeal will be heard at least 30 days before the date of the meeting.

(c) The board's decision must be based on the written record and written arguments and submissions unless the board determines that oral argument is necessary to aid the board in its decision making. Any written submissions must be delivered to the board at least 15 days before the meeting at which the appeal will be heard. Any request for the presentation of oral argument must be in writing and submitted along with the notice of appeal.

Sec. 19. Minnesota Statutes 1992, section 116I.07, subdivision 2, is amended to read:

Subd. 2. [NOTICE REQUIREMENT.] ~~An owner or lessee of any real property, or~~ A person ~~acting with the authority of an owner or lessee,~~ who installs or repairs agricultural drainage tile ~~on that property~~ shall be relieved of liability as provided in subdivision 1 only if that ~~owner, lessee or other person acting with authority notifies the designated agent of the owner or operator of the pipeline of the intention to install or repair drainage tile on the property at least seven days before that work commences. An owner or operator of a pipeline shall provide to the county auditor of each county in which that pipeline is located the name, address and phone number of the individual to whom notice shall be given as provided in this subdivision. Notice is effective if made in writing by certified mail to this designated agent of the owner or operator of the pipeline~~ *person gives oral or written notice to the One Call Excavation Notice System in compliance with section 216D.04.*

Sec. 20. Minnesota Statutes 1992, section 216D.01, subdivision 5, is amended to read:

Subd. 5. [EXCAVATION.] "Excavation" means an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives. Excavation does not include:

(1) ~~the repair or installation of agricultural drainage tile for which notice has been given as provided by section 116I.07, subdivision 2;~~

~~(2)~~ the extraction of minerals;

~~(3)~~ *(2)* the opening of a grave in a cemetery;

~~(4)~~ *(3)* normal maintenance of roads and streets if the maintenance does not change the original grade and does not involve the road ditch;

~~(5)~~ *(4)* plowing, cultivating, planting, harvesting, and similar operations in connection with growing crops, trees, and shrubs, unless any of these activities disturbs the soil to a depth of 18 inches or more;

~~(6) landscaping or~~ *(5)* gardening unless ~~one of the activities~~ *it* disturbs the soil to a depth of 12 inches or more; or

~~(7)~~ *(6)* planting of windbreaks, shelterbelts, and tree plantations, unless any of these activities disturbs the soil to a depth of 18 inches or more.

Sec. 21. Minnesota Statutes 1992, section 216D.04, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF EXCAVATION REQUIRED; CONTENTS.] (a) Except in an emergency, an excavator ~~or land surveyor~~ shall *and a land surveyor may* contact the notification center and provide an excavation or location notice at least 48 hours before beginning any excavation or boundary survey, excluding Saturdays, Sundays, and holidays. An excavation or boundary survey begins, for purposes of this requirement, the first time excavation or a boundary survey occurs in an area that was not previously identified by the excavator or land surveyor in an excavation or boundary survey notice.

(b) The excavation or boundary survey notice may be oral or written, and must contain the following information:

(1) the name of the individual providing the excavation or boundary survey notice;

(2) the precise location of the proposed area of excavation or boundary survey;

(3) the name, address, and telephone number of the excavator or land surveyor or excavator's or land surveyor's company;

(4) the excavator's or land surveyor's field telephone number, if one is available;

(5) the type and the extent of the proposed excavation or boundary survey work;

(6) whether or not the discharge of explosives is anticipated; and

(7) the date and time when excavation or boundary survey is to commence.

Sec. 22. Minnesota Statutes 1992, section 299J.06, subdivision 4, is amended to read:

Subd. 4. [TERMS; COMPENSATION; REMOVAL.] The terms, compensation, and removal of members are governed by section 15.0575. ~~The council expires on June 30, 1993.~~

Sec. 23. [PRIORITIES FOR CLEANUP; REPORT.]

The commissioner of the pollution control agency shall determine whether, and based on what criteria, a priority list should be established for the purposes of accomplishing more efficient cleanups of petroleum tank releases under Minnesota Statutes, chapter 115C. The commissioner shall consider the experience with the list of priorities established under Minnesota Statutes 1992, section 115B.17, subdivision 13, including the criteria for establishing that list in the statute and in rules adopted under the statute and any other criteria the commissioner determines appropriate, and whether a similar list of priorities is appropriate for petroleum tank cleanups. If the commissioner determines a priority list is appropriate, the commissioner, by January 15, 1994, shall recommend proposed legislation to the environment and natural resources committees of the legislature to govern establishment of the list and the criteria for establishing priorities for cleanup.

Sec. 24. [PHASE-IN PROCEDURE.]

In approving applications for reimbursement under Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall ensure that:

(1) the difference between the total amount of reimbursements approved by the board in fiscal year 1995 and the funds available to pay the reimbursements as of June 30, 1995, is at least 30 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date; and

(2) the difference between the total amount of reimbursements approved by the board in fiscal year 1996 and the funds available to pay the reimbursements as of June 30, 1996, is at least 70 percent less than the difference between the total amount of reimbursements approved by the board as of June 30, 1993, and the funds available to pay the reimbursements as of that date.

Sec. 25. [APPROPRIATION.]

$678,000 in fiscal year 1994 and $618,000 in fiscal year 1995 is appropriated from the petroleum tank release cleanup account in the environmental fund to the commissioner of commerce for providing staff support to the petroleum tank release compensation board under Minnesota Statutes, section 115C.07, subdivision 2.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12, are repealed effective June 30, 2000.

Sec. 27. [EFFECTIVE DATE.]

The amendment to Minnesota Statutes, section 115C.09, subdivision 3, paragraph (a) by this article is effective for corrective actions begun on or after September 1, 1993. Section 14 is effective for applications for reimbursement received by the petroleum tank release compensation board on and after July 1, 1993. Section 9 is effective July 1, 1993. Section 15 is effective July 1, 1997. The remainder of this article is effective August 1, 1993.

ARTICLE 2

Section 1. Minnesota Statutes 1992, section 115E.03, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC PREPAREDNESS.] The following persons shall comply with the specific requirements of subdivisions 3 and 4 and section 115E.04:

(1) persons who own or operate a vessel that is constructed or adapted to carry, or that carried, oil or hazardous substances in bulk as cargo or cargo residue;

(2) ~~persons who own or operate trucks or cargo trailer rolling stock transporting an average monthly aggregate total of more than 100,000 gallons of oil or hazardous substance as cargo in Minnesota;~~

~~(3)~~ persons who own or operate railroad car rolling stock transporting an aggregate total of more than 100,000 gallons of oil or hazardous substance as cargo in Minnesota in any calendar month;

~~(4)~~ *(3)* persons who own or operate facilities containing ~~100,000~~ *1,000,000* gallons or more of oil or hazardous substance in tank storage at any time;

~~(5)~~ *(4)* persons who own or operate facilities where there is transfer of an average monthly aggregate total of more than ~~100,000~~ *1,000,000* gallons of oil or hazardous substances to or from vessels, tanks, rolling stock, or pipelines, except for facilities where the primary transfer activity is the retail sales of motor fuels;

~~(6)~~ *(5)* persons who own or operate hazardous liquid pipeline facilities through which more than 100,000 gallons of oil or hazardous substance is transported in any calendar month; and

~~(7)~~ *(6)* persons required to demonstrate preparedness under section 115E.05.

Sec. 2. Minnesota Statutes 1992, section 115E.04, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF PREVENTION AND RESPONSE PLAN.] (a) *A person required to show specific preparedness under section 115E.03, subdivision 2, must submit* a copy of the prevention and response plan ~~must be submitted~~ to any of the commissioners who request it and to an official of a political subdivision with appropriate jurisdiction upon the official's request, or the plan and equipment and material named in the plan may be examined upon the request of an authorized agent of a commissioner or official.

(b) Upon the request of one or more of the commissioners, a person shall demonstrate the adequacy of prevention and response plans and preparedness measures by conducting announced or unannounced drills, calling persons and organizations named in a prevention and response plan and verifying roles and capabilities, locating and testing response equipment, questioning response personnel, or other means that in the judgment of the requesting commissioner demonstrate preparedness. Before requesting an unannounced drill, the requesting commissioner shall notify the other commissioners that a drill will be requested and invite them to participate in or witness the drill. If an unannounced drill is conducted to the satisfaction of the commissioners, the person conducting the drill may not be required to conduct an additional unannounced drill in the same calendar year.

Sec. 3. [115E.045] [RESPONSE PLANS FOR TRUCKS AND CERTAIN TANK FACILITIES.]

Subdivision 1. [RESPONSE PLAN FOR TRUCKS.] *(a) By June 1, 1994, a person who owns or operates trucks or cargo trailer rolling stock transporting an average monthly aggregate total of more than 10,000 gallons of oil or hazardous substances as bulk cargo in this state shall prepare and maintain a prevention and response plan in accordance with this subdivision. The plan must include:*

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the type of rolling stock and the maximum potential discharge that could occur from the equipment;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) the telephone number of an individual or company with adequate personnel and equipment available to respond to a discharge, along with evidence that the individual or company and the individual responsible for preparing the plan have made arrangements for such response;

(6) a description of the training that the owner or operator's truck or cargo trailer operators have received in handling hazardous materials and the emergency response information available in the vehicle; and

(7) a description of the action that will be taken by a truck or cargo trailer owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 2. [RESPONSE PLAN FOR TANK FACILITIES WITH BETWEEN 10,000 AND 1,000,000 GALLONS OF STORAGE.] *(a) By June 1, 1994, a person who owns or operates a facility that stores more than 10,000 gallons but less than 1,000,000 gallons of oil or hazardous substances shall prepare and maintain a prevention and response plan in accordance with this subdivision. The abbreviated plan must include:*

(1) the name and business and nonbusiness telephone numbers of the individual or individuals having full authority to implement response action;

(2) the telephone number of the local emergency response organizations, as defined in section 299K.01, subdivision 3, if the organizations cannot be reached by calling 911;

(3) a description of the facility, tank capacities, spill prevention and secondary containment measures at the facility, and the maximum potential discharge that could occur at the facility;

(4) the telephone number of the single answering point system established under section 115E.09;

(5) documentation that adequate personnel and equipment will be available to respond to a discharge, along with evidence that prearrangements for such response have been made;

(6) a description of the training employees at the facility receive in handling hazardous materials and in emergency response information; and

(7) a description of the action that will be taken by the facility owner or operator in response to a discharge.

(b) The response plan must be retained on file at the person's principal place of business.

Subd. 3. [NOTICE OF PLAN COMPLETION.] *A person required to prepare a response plan under this section shall notify the commissioner of public safety when the plan has been completed. Upon request, the person shall provide a copy of the plan to the commissioner of the pollution control agency.*

Subd. 4. [AGRICULTURAL CHEMICALS EXEMPT.] *This section does not apply to agricultural chemicals, as defined in section 18D.01, subdivision 3, that are subject to chapter 18B or 18C.*

Sec. 4. [115E.061] [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) A person identified in section 115E.06, paragraph (a), who is rendering assistance in response to a discharge of oil is not liable for damages that result from actions taken or failed to be taken in the course of rendering care, assistance, or advice in accordance with the national contingency plan under the Oil Pollution Act of 1990, or as directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible person under chapter 115B or 115C;

(2) with respect to personal injury or wrongful death; or

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct.

Sec. 5. [115E.11] [DISPOSITION OF PENALTIES.]

Penalties collected for violations of this chapter or section 115.061 that are related to discharges or threatened discharges of petroleum must be deposited in the state treasury and credited to the petroleum tank release cleanup account.

Sec. 6. Minnesota Statutes 1992, section 299A.50, is amended by adding a subdivision to read:

Subd. 3. [LONG-TERM OVERSIGHT; TRANSITION.] *When a regional hazardous materials response team has completed its response to an incident, the commissioner shall notify the commissioner of the pollution control agency, which is responsible for assessing environmental damage caused by the incident and providing oversight of monitoring and remediation of that damage from the time the response team has completed its activities.*

Sec. 7. [APPROPRIATION.]

(a) $100,000 in fiscal year 1994 and $118,500 in fiscal year 1995 is appropriated from the petroleum tank release cleanup account in the environmental fund to the commissioner of the pollution control agency for the purposes of Minnesota Statutes, chapter 115E.

(b) Of the amounts appropriated from the environmental fund to the commissioner of the pollution control agency for the biennium ending June 30, 1995, $195,000 in fiscal year 1994 and $235,000 in fiscal year 1995 is available for the purposes of Minnesota Statutes, chapter 115E."

Delete the title and insert:

"A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; notice of drain tile installation; petroleum tank release compensation board membership; liability of responder to oil discharges; oil spill response plans; assessment of damages; appropriating money; amending Minnesota Statutes 1992, sections 115.061; 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding subdivisions; 115C.11, subdivision 1; 115E.03, subdivision 2; 115E.04, subdivision 4; 116I.07, subdivision 2; 216D.01, subdivision 5; 216D.04, subdivision 1; 299A.50, by adding a subdivision; and 299J.06, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115C; and 115E; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12."

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

House Conferees: (Signed) Wally Sparby, Virgil J. Johnson, Loren Jennings

Senate Conferees: (Signed) Steven G. Novak, Steven Morse, Steve Dille

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on H.F. No. 514 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. 514 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 65 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Metzen	Price
Anderson	Dille	Knutson	Moe, R.D.	Ranum
Beckman	Finn	Krentz	Mondale	Reichgott
Belanger	Flynn	Kroening	Morse	Riveness
Benson, D.D.	Frederickson	Laidig	Murphy	Runbeck
Benson, J.E.	Hanson	Langseth	Neuville	Sams
Berg	Hottinger	Larson	Novak	Samuelson
Berglin	Janezich	Lesewski	Oliver	Solon
Bertram	Johnson, D.E.	Lessard	Olson	Spear
Betzold	Johnson, D.J.	Luther	Pappas	Stevens
Chandler	Johnson, J.B.	Marty	Pariseau	Stumpf
Chmielewski	Johnston	McGowan	Piper	Terwilliger
Cohen	Kelly	Merriam	Pogemiller	Vickerman

Ms. Robertson 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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 373 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 373: A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

Mr. Terwilliger moved to amend H.F. No. 373, as amended pursuant to Rule 49, adopted by the Senate May 10, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 891.)

Page 5, line 3, delete "*180*" and insert "*365*"

Page 5, line 4, delete "*365*" and insert "*545*"

CALL OF THE SENATE

Mr. Kroening imposed a call of the Senate for the balance of the

proceedings on H.F. No. 373. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 24 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Dille	Laidig	Neuville	Stevens
Benson, D.D.	Johnson, D.E.	Langseth	Oliver	Stumpf
Benson, J.E.	Johnston	Larson	Pariseau	Terwilliger
Bertram	Kiscaden	Lesewski	Robertson	Vickerman
Day	Knutson	McGowan	Runbeck	

Those who voted in the negative were:

Adkins	Hanson	Lessard	Murphy	Sams
Anderson	Hottinger	Luther	Novak	Samuelson
Beckman	Janezich	Marty	Pappas	Solon
Berglin	Johnson, D.J.	Merriam	Piper	Spear
Betzold	Johnson, J.B.	Metzen	Pogemiller	Wiener
Chandler	Kelly	Moe, R.D.	Price	
Finn	Krentz	Mondale	Ranum	
Flynn	Kroening	Morse	Reichgott	

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

Ms. Runbeck moved to amend H.F. No. 373, as amended pursuant to Rule 49, adopted by the Senate May 10, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 891.)

Pages 4 to 6, delete sections 2 and 3

Amend the title as follows:

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

Page 1, line 5, delete "; and 179A.16,"

Page 1, line 6, delete everything before the period

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 41, as follows:

Those who voted in the affirmative were:

Belanger	Day	Kiscaden	McGowan	Robertson
Benson, D.D.	Dille	Knutson	Neuville	Runbeck
Benson, J.E.	Frederickson	Laidig	Oliver	Stevens
Berg	Johnson, D.E.	Larson	Olson	Terwilliger
Bertram	Johnston	Lesewski	Pariseau	

Those who voted in the negative were:

Adkins	Flynn	Langseth	Murphy	Samuelson
Anderson	Hanson	Lessard	Novak	Solon
Beckman	Hottinger	Luther	Pappas	Stumpf
Berglin	Janezich	Marty	Piper	Vickerman
Betzold	Johnson, D.J.	Merriam	Pogemiller	Wiener
Chandler	Johnson, J.B.	Metzen	Price	
Chmielewski	Kelly	Moe, R.D.	Ranum	
Cohen	Krentz	Mondale	Reichgott	
Finn	Kroening	Morse	Sams	

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

H.F. No. 373 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Luther	Novak	Samuelson
Berglin	Janezich	Marty	Pappas	Solon
Betzold	Johnson, D.J.	McGowan	Piper	Spear
Chandler	Johnson, J.B.	Merriam	Pogemiller	Stumpf
Chmielewski	Kelly	Metzen	Price	Wiener
Cohen	Krentz	Moe, R.D.	Ranum	
Finn	Kroening	Mondale	Reichgott	
Flynn	Langseth	Morse	Riveness	
Hanson	Lessard	Murphy	Sams	

Those who voted in the negative were:

Adkins	Bertram	Kiscaden	Neuville	Runbeck
Belanger	Day	Knutson	Oliver	Stevens
Benson, D.D.	Frederickson	Laidig	Olson	Terwilliger
Benson, J.E.	Johnson, D.E.	Larson	Pariseau	Vickerman
Berg	Johnston	Lesewski	Robertson	

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. 1387 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1387: A bill for an act relating to employment; requiring Occupational Safety and Health Act compliance by certain independent contractors; requiring certain studies and reports on independent contractors; proposing coding for new law in Minnesota Statutes, chapter 182.

Mr. Novak moved that the amendment made to H.F. No. 1387 by the Committee on Rules and Administration in the report adopted May 14, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1387 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Mondale	Riveness
Anderson	Flynn	Kroening	Morse	Robertson
Beckman	Frederickson	Laidig	Murphy	Runbeck
Belanger	Hanson	Langseth	Neuville	Sams
Benson, D.D.	Hottinger	Larson	Novak	Samuelson
Benson, J.E.	Janezich	Lesewski	Oliver	Solon
Berg	Johnson, D.E.	Lessard	Olson	Spear
Berglin	Johnson, D.J.	Luther	Pappas	Stevens
Bertram	Johnson, J.B.	Marty	Pariseau	Stumpf
Betzold	Johnston	McGowan	Piper	Terwilliger
Chandler	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Knutson	Moe, R.D.	Reichgott	

So the bill 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 has adopted the recommendation and report of the Conference Committee on Senate File No. 694, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 694: A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

Senate File No. 694 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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. 760: A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

Senate File No. 760 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

Mr. Price moved that the Senate do not concur in the amendments by the House to S.F. No. 760, 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. 1311:

H.F. No. 1311: A bill for an act relating to local government; providing for the continuation of the Mississippi River parkway commission; amending Minnesota Statutes 1992, section 161.1419, subdivision 8.

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

Trimble, Kahn and Hausman have been appointed as such committee on the part of the House.

House File No. 1311 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 May 17, 1993

Mr. Metzen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1311, 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. Kroening moved that the name of Mr. Marty be added as a co-author to S.F. No. 891. The motion prevailed.

Mr. Luther moved that the names of Mr. Chandler and Mses. Krentz and Wiener be added as co-authors to S.F. No. 1371. The motion prevailed.

Mr. Merriam moved that S.F. No. 248, No. 40 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Luther moved that H.F. No. 570 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 570: A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Riveness
Anderson	Finn	Kroening	Neuville	Robertson
Beckman	Flynn	Laidig	Novak	Runbeck
Belanger	Frederickson	Langseth	Oliver	Sams
Benson, J.E.	Hanson	Larson	Olson	Samuelson
Berg	Janezich	Lesewski	Pappas	Solon
Berglin	Johnson, D.E.	Lessard	Pariseau	Spear
Bertram	Johnson, J.B.	Luther	Piper	Stevens
Betzold	Johnston	McGowan	Pogemiller	Stumpf
Chandler	Kelly	Merriam	Price	Terwilliger
Cohen	Kiscaden	Metzen	Ranum	Vickerman
Day	Knutson	Morse	Reichgott	Wiener

So the bill passed and its title was agreed to.

Ms. Ranum moved that S.F. No. 356, No. 16 on General Orders, be stricken and returned to its author. The motion prevailed.

RECESS

Mr. Luther moved that the Senate do now recess until 12:30 p.m. The motion prevailed.

The hour of 12:30 p.m. having arrived, 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. 1658: Messrs. Morse, Riveness and Stumpf.

H.F. No. 1311: Messrs. Metzen, Stumpf and Laidig.

S.F. No. 760: Messrs. Price, Morse and Merriam.

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Samuelson moved that S.F. No. 1284, No. 35 on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

S.F. No. 429 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 429

A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption;

opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 429, 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. 429 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 169.122, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] *This section does not apply to the possession or consumption of alcoholic beverages by passengers in:*

(1) a bus operated under a charter as defined in section 221.011, subdivision 20; or

(2) a limousine as defined in section 168.011, subdivision 35.

Sec. 2. Minnesota Statutes 1992, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

(2) Sales of wine for sacramental purposes under section 340A.316.

(3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.

(4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.

(5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.

(6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.

(7) Alcoholic beverages sold or transferred between Minnesota wholesalers.

(8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.

(9) Shipments of wine to Minnesota residents under section 340A.417.

Sec. 3. Minnesota Statutes 1992, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person *entering Minnesota from another state* who imports or has in possession ~~untaxed~~ intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. *A person entering Minnesota from a foreign country who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor.* This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 4. Minnesota Statutes 1992, section 340A.101, subdivision 15, is amended to read:

Subd. 15. [LICENSED PREMISES.] "Licensed premises" is the premises described in the approved license application, *subject to the provisions of section 340A.410, subdivision 7.* In the case of a restaurant, club, or exclusive liquor store licensed for on-sales of alcoholic beverages and located on a golf course, "licensed premises" means the entire golf course except for areas where motor vehicles are regularly parked or operated.

Sec. 5. Minnesota Statutes 1992, 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 *prepared on the premises and* 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 and statutory cities of over 10,000 population	30
(c) Unincorporated or unorganized territory other than in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties	100
(d) Unincorporated or unorganized territory in Cook, Itasca, Lake, Lake of the Woods, and St. Louis 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. 6. Minnesota Statutes 1992, section 340A.101, subdivision 29, is amended to read:

Subd. 29. [WINE.] "Wine" is *the product made from the normal alcoholic fermentation of grapes, including still wine,* sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than ~~seven~~ *one-half of one* percent nor more than 24 percent alcohol by volume for nonindustrial use. *Wine does not include distilled spirits as defined in subdivision 9.*

Sec. 7. Minnesota Statutes 1992, section 340A.301, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] An application for a license under this section must be made to the commissioner on a form the commissioner prescribes *and must be accompanied by the fee specified in subdivision 6. If an application is denied, $100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.*

Sec. 8. Minnesota Statutes 1992, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section, *which must accompany the application,* are as follows:

Importers of distilled spirits, wine, or ethyl alcohol	$420
Importers of malt liquor	$800

If an application is denied, $100 of the fee shall be retained by the commissioner to cover costs of investigation.

Sec. 9. Minnesota Statutes 1992, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) a person not a citizen of the United States or a resident alien;

(2) a person under 21 years of age;

(3) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(4) a person not of good moral character and repute; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a *felony or a* willful violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 10. Minnesota Statutes 1992, section 340A.410, subdivision 7, is amended to read:

Subd. 7. [LICENSE LIMITED TO SPACE SPECIFIED.] *A licensing authority may issue a retail alcoholic beverage license only for a space that is compact and contiguous.* A retail *alcoholic beverage* license ~~to sell any alcoholic beverage~~ is only effective for the ~~compact and contiguous space~~ *licensed premises* specified in the approved license application.

Sec. 11. Minnesota Statutes 1992, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing ~~or approving~~ any retail license or permit under this chapter *or the commissioner* shall either suspend for up to 60 days or revoke the license or permit or impose a civil ~~fine~~ *penalty* not to exceed $2,000 for each violation on a finding that the license or permit holder has ~~failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearing. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly~~ (1) ~~sells~~ *sold* alcoholic beverages to another retail licensee for the purpose of resale, (2) ~~purchases~~ *purchased* alcoholic beverages from another retail licensee for the purpose of resale, (3) ~~conducts or permits~~ *conducted or*

permitted the conduct of gambling on the licensed premises in violation of the law, ~~or~~ (4) ~~fails~~ *failed* to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, *or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the state maximum.*

Sec. 12. [340A.417] [SHIPMENTS INTO MINNESOTA.]

(a) Notwithstanding section 297C.09 or any provision of this chapter, a winery licensed in a state which affords Minnesota wineries an equal reciprocal shipping privilege may ship, for personal use and not for resale, not more than two cases of wine, containing a maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

(b) The shipping container of any wine sent into or out of Minnesota under this section must be clearly labeled to indicate that the package cannot be delivered to a person under the age of 21 years.

(c) No person may (1) advertise shipments authorized under this section, or (2) by advertisement or otherwise, solicit shipments authorized by this section. No shipper located outside Minnesota may advertise such interstate reciprocal wine shipments in Minnesota.

(d) It is not the intent of this section to impair the distribution of wine through distributors or importing distributors, but only to permit shipments of wine for personal use.

Sec. 13. Minnesota Statutes 1992, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license *or identification card* issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) ~~a valid Minnesota identification card;~~

~~(3)~~ a valid ~~Canadian~~ *military* identification card ~~with the photograph and date of birth of the person,~~ issued by ~~a Canadian province~~ *the United States Department of Defense*; or

~~(4)~~ *(3)* in the case of a foreign national, from a nation other than Canada, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age

authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

Sec. 14. Minnesota Statutes 1992, section 340A.904, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL ALTERNATIVES.] Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

(1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;

(2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;

(3) selling intoxicating liquor to licensed retailers within the state;

(4) selling any material, apparatus, or vehicle; ~~or~~

(5) destroying alcoholic beverages or contraband articles that have no lawful use; *or*

(6) donation to a charity registered under section 309.52.

Sec. 15. Laws 1969, chapter 783, section 1, as amended by Laws 1971, chapter 498, section 1, as amended by Laws 1973, chapter 396, is further amended by adding a subdivision to read:

Subd. 2. The civic center authority may delegate to its chief administrator any powers granted to the authority under subdivision 1.

Sec. 16. Laws 1983, chapter 259, section 8, is amended to read:

Sec. 8. [ST. PAUL; PARK CLUB HOUSES *AND PAVILION*; LIQUOR.]

Notwithstanding any contrary provision of law, charter or ordinance, the city of St. Paul may by ordinance authorize any holder of an "on-sale" liquor license issued by the city to dispense intoxicating liquor at any event of definite duration on the public premises known as the Phalen Park club house, *the Como Park club house, and the Como Park lakeside pavilion*. The event may not be profit making except as a fund raising event for a nonprofit organization or a political committee as defined in Minnesota Statutes, section ~~210A.01,~~ ~~subdivision~~ 8 *211A.01, subdivision 4*. The licensee must be engaged to dispense liquor at the event by a person or organization permitted to use the premises and may dispense liquor only to persons attending the event. A licensee's authority shall expire upon termination of the event. The authority to dispense liquor shall be granted in accordance with the statutes applicable to the issuance of "on-sale" liquor licenses in cities of the first class consistent with this act. The dispensing of liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor that are consistent with this act. All dispensing of liquor shall be in accordance with the conditions prescribed by the city. The conditions may limit the dispensing of liquor to designated areas of the facility. The city may fix and assess a fee to be paid to the city by an "on-sale" licensee for each event for which the licensee is engaged to dispense liquor. The authority granted by this subdivision shall not count as an additional "on-sale" intoxicating liquor license for purposes of determining the number of liquor licenses permitted to

be issued under the provisions of Minnesota Statutes, section ~~340.11~~ *340A.413*.

Sec. 17. Laws 1991, chapter 249, section 30, is amended to read:

Sec. 30. [ON-SALE LICENSES; CITY OF HIBBING.]

Notwithstanding Minnesota Statutes, section 340A.413, subdivision 1, the city of Hibbing may issue not more than ~~20~~ *22* on-sale intoxicating liquor licenses. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to licenses issued under this section.

Sec. 18. Laws 1992, chapter 486, section 11, is amended to read:

Sec. 11. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

Subdivision 1. [AUTHORIZATION.] The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city *of Blaine* or ~~a contiguous~~ *another* city *within Anoka, Hennepin, or Ramsey county* to dispense alcoholic beverages at the National Sports Center to persons attending a social event at the center. The licensee must be engaged to dispense alcoholic beverages at a social event held by a person or organization permitted to use the National Sports Center. Nothing in this section authorizes a licensee to dispense alcoholic beverages at any *youth* amateur athletic event held at the center.

Subd. 2. [EFFECTIVE DATE.] *This section is effective the day following final enactment. Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section takes effect without local approval.*

Sec. 19. [STEARNS COUNTY; COMBINATION OFF-SALE AND ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.405, the Stearns county board may issue a combination off-sale and on-sale intoxicating liquor license to an establishment in Fair Haven township that is currently licensed to sell alcoholic beverages for consumption on the licensed premises but does not qualify as a restaurant under Minnesota Statutes, section 340A.101, subdivision 25. The license may be issued only after the Fair Haven town board adopts a resolution supporting the issuance of the license.

Sec. 20. [INTOXICATING LIQUOR LICENSE; TOWN OF SCHROEDER.]

Subdivision 1. [AUTHORITY.] *The town board of Schroeder in Cook county may, with the approval of the commissioner of public safety, issue an off-sale intoxicating liquor license to an exclusive liquor store located within the town. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license.*

Subd. 2. [EFFECTIVE DATE.] *This section is effective on approval of the Schroeder town board and compliance with Minnesota Statutes, section 645.021, subdivision 2.*

Sec. 21. [APPLE VALLEY LICENSES.]

Subdivision 1. [AUTHORIZATION.] *(a) In addition to other licenses authorized by law, the city of Apple Valley may issue one or more on-sale intoxicating liquor licenses to an entity holding a concessions contract with*

the Minnesota zoological board for use on the premises of the Minnesota zoological gardens. Licenses authorized under this paragraph authorize sales on all days of the week. Licenses authorized by this paragraph may be issued for licensed premises that are not compact and contiguous, provided that the licensed premises must be (1) entirely included within the premises of the Minnesota zoological gardens, and (2) described in the approved license application.

(b) The city of Apple Valley may (1) authorize the holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises owned by Dakota county located at 14955 Galaxie Avenue in Apple Valley, or (2) may issue an on-sale intoxicating liquor license to any entity holding a concessions contract with the owner for use on the premises. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises and may dispense intoxicating liquor only to persons attending the event.

(c) All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licensing, sale, and serving of alcoholic beverages under this section.

Subd. 2. [LOCAL APPROVAL.] *This section is effective on approval by the Apple Valley city council and compliance with Minnesota Statutes, section 645.021.*

Sec. 22. [HOUSTON COUNTY; ON-SALE LIQUOR LICENSE.]

Subdivision 1. [AUTHORIZATION.] *(a) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Crooked Creek township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.*

(b) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Brownsville township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(c) All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Subd. 2. [LOCAL APPROVAL.] *This section is effective on approval by the Houston county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 23. [ON-SALE LICENSE; ISANTI COUNTY.]

Subdivision 1. [AUTHORIZATION.] *The Isanti county board may issue an on-sale intoxicating liquor license to a premises located in Dalbo township without regard to whether the licensed premises meets the definition of a "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25. All other provisions in Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license authorized by this section.*

Subd. 2. [LOCAL APPROVAL.] *This section is effective on approval by the Isanti county board and compliance with Minnesota Statutes, section 645.021.*

Sec. 24. [AITKIN COUNTY; OFF-SALE LICENSE.]

Subdivision 1. [AUTHORIZED.] *Notwithstanding any provision of Minnesota Statutes, section 340A.405, subdivision 2, the Aitkin county board may issue one off-sale liquor license to a premises located in Farm Island township and designated at the time of initial licensing as the "Farm Island Store." All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section shall apply to this license.*

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective on approval by the Aitkin county board and compliance with Minnesota Statutes, section 645.021.*

Sec. 25. [STILLWATER; LICENSE AUTHORIZED.]

Subdivision 1. [LICENSE AUTHORIZED.] *The city of Stillwater may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent herewith, apply to the license authorized by this section.*

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective on approval by the Stillwater city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 26. [PINE COUNTY ON-SALE LICENSE.]

Subdivision 1. [AUTHORITY.] *Notwithstanding Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d), Pine county may issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township upon approval by the voters of the town at a special election under Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d).*

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective on approval by the Pine county board and compliance with Minnesota Statutes, section 645.021.*

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 340A.903, is repealed.

Sec. 28. [EFFECTIVE DATE.]

(a) Section 1 is effective June 1, 1993. Sections 2 and 12 are effective the day following final enactment. Sections 4 to 10, 14, and 27 are effective July 1, 1993.

(b) Sections 15 and 16 are effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; authorizing possession of alcoholic beverages by passengers in certain vehicles; allowing certain shipments of wine into the state and exempting them from taxation; defining terms; prohibiting issuance of retail licenses to certain persons; revising authority for suspensions and civil penalties; providing for proof of age; authorizing license issuance in certain political subdivisions; amending

Minnesota Statutes 1992, sections 169.122, by adding a subdivision; 297C.07; 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.402; 340A.410, subdivision 7; 340A.415; 340A.503, subdivision 6; 340A.904, subdivision 1; Laws 1969, chapter 783, section 1, as amended; Laws 1983, chapter 259, section 8; Laws 1991, chapter 249, section 30; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1992, section 340A.903."

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

Senate Conferees: (Signed) Sam G. Solon, James P. Metzen, William V. Belanger, Jr.

House Conferees: (Signed) Joel Jacobs, Tom Osthoff, Dave Gruenes

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on S.F. No. 429 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Spear moved that the recommendations and Conference Committee Report on S.F. No. 429 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. Spear.

The roll was called, and there were yeas 29 and nays 38, as follows:

Those who voted in the affirmative were:

Benson, D.D.	Flynn	Kiscaden	McGowan	Ranum
Benson, J.E.	Frederickson	Knutson	Merriam	Runbeck
Berg	Johnson, D.E.	Larson	Neuville	Spear
Berglin	Johnson, J.B.	Lesewski	Olson	Stevens
Betzold	Johnston	Luther	Pariseau	Terwilliger
Dille	Kelly	Marty	Piper	

Those who voted in the negative were:

Adkins	Day	Laidig	Novak	Sams
Anderson	Finn	Langseth	Oliver	Samuelson
Beckman	Hanson	Lessard	Pappas	Solon
Belanger	Hottinger	Metzen	Pogemiller	Stumpf
Bertram	Janezich	Moe, R.D.	Price	Vickerman
Chandler	Johnson, D.J.	Mondale	Reichgott	Wiener
Chmielewski	Krentz	Morse	Riveness	
Cohen	Kroening	Murphy	Robertson	

The motion did not prevail.

The question recurred on the motion of Mr. Solon. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 429 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 21, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Laidig	Oliver	Samuelson
Anderson	Hanson	Langseth	Pappas	Solon
Beckman	Hottinger	Lesewski	Pariseau	Stumpf
Belanger	Janezich	Lessard	Piper	Terwilliger
Bertram	Johnson, D.J.	Metzen	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Moe, R.D.	Price	Wiener
Chandler	Kiscaden	Mondale	Riveness	
Cohen	Knutson	Morse	Robertson	
Day	Krentz	Murphy	Runbeck	
Dille	Kroening	Novak	Sams	

Those who voted in the negative were:

Benson, D.D.	Flynn	Larson	Neuville	Stevens
Benson, J.E.	Frederickson	Luther	Olson	
Berg	Johnson, D.E.	Marty	Ranum	
Berglin	Johnston	McGowan	Reichgott	
Chmielewski	Kelly	Merriam	Spear	

So the bill, as amended by the Conference Committee, 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 H.F. No. 1377 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1377: A bill for an act relating to state government; making certain telephone records and budgets public information; amending Minnesota Statutes 1992, section 3.055, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

Mr. Luther moved to amend H.F. No. 1377, the unofficial engrossment, as follows:

Pages 1 and 2, delete sections 1 to 4 and insert:

"Section 1. Minnesota Statutes 1992, section 3.055, subdivision 1, is amended to read:

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. *Each house shall provide by rule for posting notices of meetings, recording proceedings, and making the recordings and votes available to the public.*

Sec. 2. [10.43] [TELEPHONE USE; APPROVAL.]

Each representative, senator, constitutional officer, judge, and head of a state department or agency shall sign the person's monthly long-distance

telephone bills paid by the state as evidence of the person's approval of each bill.

Sec. 3. [10.44] [LEGISLATURE AND OTHER OFFICIALS; BUDGETS.]

The budgets of the house of representatives, senate, constitutional officers, district courts, court of appeals, and supreme court must be submitted to and considered by the appropriate committees of the legislature in the same manner as the budgets of executive agencies.

Sec. 4. [10.45] [BUDGETS; INFORMATION.]

The budgets of the house of representatives, the senate, each constitutional officer, the district courts, court of appeals, and supreme court shall be public information and shall be divided into expense categories. The categories shall include, among others, travel and telephone expenses.

Sec. 5. [10.46] [TELEPHONE RECORDS PUBLIC.]

Long-distance telephone bills paid for by the state or a political subdivision, including those of representatives, senators, judges, constitutional officers, heads of departments and agencies, local officials, and employees thereof, are public data.

Sec. 6. [10.47] [TELEPHONE SERVICE; OVERSIGHT.]

Each member, officer, or employee in the legislative, judicial, and executive branches shall report any evidence of misuse of long-distance telephone service to the chief officer of the legislative body, judicial branch, executive office, or executive agency, and to the legislative auditor when appropriate. The legislative auditor shall investigate and report on evidence of misuse of long-distance telephone service of legislators, judges, constitutional officers, heads of executive departments and agencies, and state employees and, where appropriate, refer the evidence to other authorities.

Sec. 7. [10.48] [EXPENSE REPORTS.]

The house of representatives and senate shall by rule require detailed quarterly reports of expenditures by the house of representatives and senate to their respective committees on rules and legislative administration. Each constitutional officer, the district courts, court of appeals, and supreme court shall submit detailed quarterly reports of their expenditures to the legislative auditor. These reports are public information.''

Page 2, line 39, after ''*records*'' insert ''*as to bills paid by the state*''

Page 2, line 40, delete ''*and 1992*'' and insert ''*, 1992, and 1993*'' and after ''*provided*'' insert ''*upon request made*''

Page 2, lines 41 and 42, delete ''*Ramsey county attorney or the*''

Page 2, line 42, after ''*general*'' insert ''*or county attorney with jurisdiction, or to the United States attorney under the procedures of the appropriate federal rules,*''

Page 3, after line 1, insert:

''Sec. 10. [EFFECTIVE DATE.]

This act is effective the day following final enactment, except that sections 2 and 7 are effective October 1, 1993.''

Amend the title as follows:

Page 1, line 2, delete "elected" and insert "public"

Page 1, line 4, delete "legislative" and insert "administrative" and after "amending" insert "Minnesota Statutes 1992, section 3.055, subdivision 1; and"

Page 1, line 6, delete "chapters 3; and" and insert "chapter"

The motion prevailed. So the amendment was adopted.

Mr. Benson, D.D. moved to amend H.F. No. 1377, the unofficial engrossment, as follows:

Page 1, after line 13, insert:

"Sec. 2. Minnesota Statutes 1992, section 3.841, is amended to read:

3.841 [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES; COMPOSITION; MEETINGS.]

A legislative commission ~~for~~ *to* review ~~of~~ administrative rules, consisting of five senators appointed by the committee on committees of the senate and five representatives appointed by the speaker of the house of representatives shall be appointed. *Its members must include the chair or vice-chair of the committees in each body having jurisdiction over administrative rules.* The commission shall meet at the call of its chair or upon a call signed by two of its members or signed by five members of the legislature. The office of chair of the legislative commission shall alternate between the two houses of the legislature every two years.

Sec. 3. [3.984] [RULE NOTES.]

Subdivision 1. [REQUIREMENT.] *The head or chief administrative officer of an agency, as defined in section 14.02, subdivision 2, shall prepare a note containing the information required by subdivision 2 on every bill containing a grant of rulemaking authority to that agency. The chair of a standing committee receiving a bill on rereferral from another standing committee shall request that: (1) the rule note be amended to reflect any amendment of the grant of rulemaking authority made to the bill; or (2) a rule note be prepared by the agency if a grant of rulemaking authority has been added to the bill.*

Subd. 2. [CONTENTS.] *The note required by subdivision 1 must treat separately each grant of rulemaking authority contained in the bill and must include a detailed explanation of:*

(1) the reasons for the grant of rulemaking authority;

(2) the persons or groups the rules would impact;

(3) the estimated cost of the rule for the persons or groups specified pursuant to clause (2); and

(4) the areas of controversy anticipated by the agency.

The note must be delivered to the chair of the standing committee to which the bill has been referred or rereferred, the chair of the legislative commission to review administrative rules, and the chairs of the committees in each body having jurisdiction over administrative rules.

Subd. 3. [ADMINISTRATION.] *The commissioner of finance is responsible for coordinating this process, for assuring the accuracy and completeness of the note, and for assuring that rule notes are prepared, delivered, and updated as provided by this section.*

The commissioner shall prescribe a uniform procedure to govern agencies in complying with this section."

Page 2, after line 9, insert:

"Sec. 7. Minnesota Statutes 1992, section 14.10, is amended to read:

14.10 [SOLICITATION OF OUTSIDE INFORMATION.]

When an agency seeks to obtain information or opinions in preparing to propose the adoption, amendment, suspension, or repeal of a rule from sources outside of the agency, the agency shall publish notice of its action in the State Register, *mail this notice to persons who have registered their names pursuant to section 14.14, subdivision 1a, 14.22, or 14.30,* and ~~shall~~ afford all interested persons an opportunity to submit data or views on the subject of concern in writing or orally. Such notice and any written material received by the agency shall become a part of the rulemaking record to be submitted to the ~~attorney general or~~ administrative law judge under section 14.14, 14.26, or 14.32. *This notice must contain a summary of issues that may be considered by the agency when the rule is proposed, a statement of the agency's intentions regarding the formation of an advisory task force on the subject, and, if a task force is to be formed, a list of the persons or associations the agency intends to invite to serve on the task force. The notice must also include a proposed timetable outlining when the agency intends to form the advisory task force, when it could be expected to complete its work, and how long the agency anticipates the rulemaking process taking.*"

Page 2, after line 37, insert:

"Sec. 9. [LCRAR RULEMAKING REPORT.]

No later than February 15, 1994, the legislative commission to review administrative rules shall submit a report including its recommendations to the governmental operations and gaming committee of the house of representatives and the governmental operations and reform committee of the senate on the following topics:

(1) a list of all delegations of rulemaking authority to state agencies that indicates which of those are grants of general rulemaking authority and which are narrowly drawn, specific authorizations;

(2) the use made of broad delegations of rulemaking authority, the purpose served by this use, and the relationship of broad delegations with other delegations of authority in the promulgation of rules;

(3) an evaluation of the continued need for these delegations of general rulemaking authority;

(4) an evaluation of the continued need for delegations of rulemaking authority to quasi-independent boards or commissions;

(5) recommendations for establishing statutory criteria to be used in preparing rule impact statements including those in Minnesota Statutes,

sections 14.11 and 14.115, for agricultural land, small businesses, and local governments or the removal of requirements for these impact statements;

(6) recommendations for development of more complete information on the economic and other impacts of proposed rules on directly affected parties and on agencies required to enforce the rules, how to determine when these impacts are significant enough to require greater efforts at assessing impacts, on ways this information might be obtained from affected parties and developed by agencies, whether this information should be included in the statement of need and reasonableness, and how the information might be distributed before the proposed rule is published;

(7) criteria to be used by legislative committees for the granting of exemptions to the rulemaking requirements of Minnesota Statutes, chapter 14;

(8) recommendations on which fees should be set or changed by rule or statute; and

(9) methods to improve the coordination of rulemaking in the executive branch."

Page 3, after line 1, insert:

"Sec. 11. [EFFECTIVE DATE.]

Section 2 is effective January 1, 1995. Section 9 is effective July 1, 1993. Sections 3 and 7 are 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.

Mr. Luther moved that H.F. No. 1377 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 Executive and Official Communications and Messages From the House.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 13, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1503, 181, 403, 470, 550, 1199 and 911.

Warmest regards,
Arne H. Carlson, Governor

May 14, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 629, 253, 386, 674, 741, 1097, 697, 464, 692, 894, 1380, 96, 490, 536, 639, 902, 1087, 1184, 1208, 174, 589, 739, 937, 1148, 1400, 338, 1032, 1101, 1201, 1413, 283, 1244, 190, 384, 521 and 1620.

Warmest regards,
Arne H. Carlson, Governor

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	648	127	2:50 p.m. May 13	May 13
550		129	3:02 p.m. May 13	May 13
	874	130	2:56 p.m. May 13	May 13
	1018	131	2:52 p.m. May 13	May 13
1199		132	3:04 p.m. May 13	May 13
911		136	2:54 p.m. May 13	May 13
181		137	2:59 p.m. May 13	May 13
	1408	138	2:58 p.m. May 13	May 13
	168	139	2:54 p.m. May 13	May 13
	622	141	2:50 p.m. May 13	May 13
	854	142	2:55 p.m. May 13	May 13
	882	143	2:57 p.m. May 13	May 13
	974	144	2:58 p.m. May 13	May 13
1503		146	5:08 p.m. May 13	May 13
	185	147	2:56 p.m. May 13	May 13
	951	148	2:57 p.m. May 13	May 13
629		149	10:40 a.m. May 14	May 14
470		150	3:01 p.m. May 13	May 13
403		151	3:01 p.m. May 13	May 13
741		152	9:07 a.m. May 14	May 14
	1169	154	9:10 a.m. May 14	May 14
	498	157	9:08 a.m. May 14	May 14
	259	158	9:09 a.m. May 14	May 14

	732	159	9:08 a.m. May 14	May 14
	55	160	9:08 a.m. May 14	May 14
	1454	161	9:11 a.m. May 14	May 14
	962	162	9:09 a.m. May 14	May 14
	889	163	9:09 a.m. May 14	May 14
	1579	164	9:12 a.m. May 14	May 14
	1058	165	9:10 a.m. May 14	May 14
253		168	9:05 a.m. May 14	May 14
1097		169	9:08 a.m. May 14	May 14
674		170	9:07 a.m. May 14	May 14
1570		172	5:25 p.m. May 13	May 13
386		166	9:06 a.m. May 14	May 14

Sincerely,
Joan Anderson Growe
Secretary of State

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	43	128	3:56 p.m. May 14	May 14
	554	145	1:25 p.m. May 14	May 14
	1274	155	4:04 p.m. May 14	May 14
384		156	1:28 p.m. May 14	May 14
521		167	1:29 p.m. May 14	May 14
190		171	1:26 p.m. May 14	May 14
	1402	175	10:04 p.m. May 14	May 14
	964	176	3:50 p.m. May 14	May 14
338		177	3:48 p.m. May 14	May 14
1032		178	3:45 p.m. May 14	May 14
283		179	4:05 p.m. May 14	May 14
96		180	10:06 p.m. May 14	May 14
1244		181	4:05 p.m. May 14	May 14
1148		182	9:59 p.m. May 14	May 14
589		183	9:58 p.m. May 14	May 14
536		184	10:05 p.m. May 14	May 14
1208		185	10:09 p.m. May 14	May 14
	735	187	3:40 p.m. May 14	May 14
739		188	9:59 p.m. May 14	May 14
	690	189	9:53 p.m. May 14	May 14
1087		190	10:07 p.m. May 14	May 14
639		191	10:06 p.m. May 14	May 14

1620		192	1:30 p.m. May 14	May 14
1413		194	3:41 p.m. May 14	May 14
490		195	10:06 p.m. May 14	May 14
464		196	10:03 p.m. May 14	May 14
174		197	9:56 p.m. May 14	May 14
1380		199	10:05 p.m. May 14	May 14
1400		200	10:00 p.m. May 14	May 14
1101		201	3:45 p.m. May 14	May 14
937		202	9:59 p.m. May 14	May 14
	546	203	10:02 p.m. May 14	May 14
	643	204	10:03 p.m. May 14	May 14
	1021	205	10:03 p.m. May 14	May 14
1201		206	3:44 p.m. May 14	May 14
	1161	207	9:57 p.m. May 14	May 14
	299	208	10:02 p.m. May 14	May 14
	608	209	10:01 p.m. May 14	May 14
692		210	10:04 p.m. May 14	May 14
1184		211	10:08 p.m. May 14	May 14
894		212	10:05 p.m. May 14	May 14
902		213	10:07 p.m. May 14	May 14

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 811: A bill for an act relating to transportation; providing for a metropolitan area high speed bus study; appropriating money.

Senate File No. 811 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

CONCURRENCE AND REPASSAGE

Mr. Riveness moved that the Senate concur in the amendments by the House to S.F. No. 811 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 811 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson	Laidig	Murphy	Runbeck
Anderson	Hottinger	Larson	Neuville	Sams
Beckman	Janezich	Lesewski	Novak	Spear
Belanger	Johnson, D.E.	Lessard	Olson	Stevens
Bertram	Johnson, D.J.	Luther	Pappas	Stumpf
Betzold	Johnson, J.B.	Marty	Pariseau	Terwilliger
Chandler	Johnston	McGowan	Piper	Vickerman
Chmielewski	Kelly	Merriam	Pogemiller	Wiener
Cohen	Kiscaden	Metzen	Price	
Day	Knutson	Moe, R.D.	Ranum	
Dille	Krentz	Mondale	Reichgott	
Finn	Kroening	Morse	Riveness	

Those who voted in the negative were:

Benson, D.D.	Berglin	Flynn	Robertson	Samuelson
Benson, J.E.				

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Luther moved that H.F. No. 1377 be taken from the table. The motion prevailed.

H.F. No. 1377: A bill for an act relating to state government; making certain telephone records and budgets public information; amending Minnesota Statutes 1992, section 3.055, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

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

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

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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

Mrs. Benson, J.E. moved that her name be stricken as chief author and the name of Mrs. Pariseau be shown as chief author to S.F. No. 650. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1094 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1094: A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

Mr. Luther moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 50, line 17, after "licensed" insert ", *or exempt from licensure,*"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 29, line 4, delete "*or otherwise retroactively restrict coverage*"

Page 29, line 7, delete "*prospectively*"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 29, after line 12, insert:

"Sec. 44. Minnesota Statutes 1992, section 62E.05, is amended to read:

62E.05 [CERTIFICATION OF QUALIFIED PLANS.]

Upon application by an insurer, fraternal, or employer for certification of a plan of health coverage as a qualified plan or a qualified medicare supplement plan for the purposes of sections 62E.01 to 62E.16, the commissioner shall make a determination within 90 days as to whether the plan is qualified. All plans of health coverage, *except Medicare supplement policies,* shall be labeled as "qualified" or "nonqualified" on the front of the policy or evidence of insurance. All qualified plans shall indicate whether they are number one, two, or three coverage plans."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 24, after the first semicolon, insert "62E.05;"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 1, line 40, delete everything after the headnote and insert "*If the department of commerce is satisfying a request for inspection of data pursuant to section 13.03, the department must not be assessed a charge by the statewide system for retrieving the information.*"

Page 1, delete line 41

Page 2, delete lines 1 to 3

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Pages 12 and 13, delete section 17

Page 45, delete lines 12 to 18 and insert:

"*Subd. 30.* [RECORDS RETENTION.] *An insurer shall retain copies of all underwriting documents, policy forms, and applications for three years from the effective date of the policy. This subdivision does not relieve the insurer of its obligation to produce these documents to the department after the retention period has expired in connection with an enforcement action or administrative proceeding against the insurer from whom the documents are requested, if the insurer has retained the documents. Records required to be retained by this section may be retained in paper, photograph, microprocess, magnetic, mechanical, or electronic media, or by any process which accurately reproduces or forms a durable medium for the reproduction of a record.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 48, after line 19, insert:

"Sec. 69. Minnesota Statutes 1992, section 80C.17, subdivision 1, is amended to read:

Subdivision 1. A person who violates any provision of ~~sections 80C.01 to 80C.13 and 80C.16 to 80C.22~~ *this chapter* or any rule or order thereunder shall be liable to the franchisee or subfranchisor who may sue for damages caused thereby, for rescission, or other relief as the court may deem appropriate.

Sec. 70. Minnesota Statutes 1992, section 80C.17, subdivision 5, is amended to read:

Subd. 5. No action may be commenced pursuant to this section more than three years after the ~~franchisee pays the first franchise fee~~ *cause of action accrues*."

Page 56, line 24, after the period, insert "*Sections 69 and 70 apply to all franchise contracts or franchise transfer agreements entered into or renewed on or after August 1, 1993, and apply as of that date to franchise contracts in effect on August 1, 1993, that have no expiration date.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Larson moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 48, after line 19, insert:

"Sec. 69. Minnesota Statutes 1992, section 79.251, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNED RISK PLAN ~~REVIEW~~ BOARD.] (1) An assigned risk plan ~~review~~ board is created for the purposes of ~~review of the operation of section 79.252 and this section~~ *operating the assigned risk plan*. The board shall have all the usual powers and authorities necessary for the discharge of its duties under this section and ~~may~~ *shall* contract with individuals in discharge of those duties.

(2) The board shall consist of ~~six~~ *nine* members to be appointed by the commissioner of commerce. ~~Three members shall be insureds holding policies or contracts of coverage issued pursuant to subdivision 4. Two~~ *Five* members shall ~~be~~ *represent* insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b). ~~The commissioner shall be the sixth member and shall vote~~, *one shall represent labor, and three shall be public members. One of the public members shall be a licensed physician, one shall be a certified public accountant, and the third shall be a property and casualty actuary. No public member shall be employed by, or affiliated with, an insurer.*

~~Initial appointments shall be made by September 1, 1981, and~~ *The* terms *for the board members* shall be for three years duration. Removal, the filling of

vacancies and compensation of the members ~~other than the commissioner~~ shall be as provided in section 15.059.

(3) The assigned risk plan ~~review~~ board shall audit the reserves established (a) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (b) for the total book of business issued under subdivision 4.

(4) The assigned risk plan ~~review~~ board shall monitor the operations of section 79.252 and this section ~~and shall periodically make recommendations to the commissioner, and to the governor and legislature when appropriate, for improvement in the operation of those sections~~.

(5) All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the ~~commissioner~~ *board* a .25 percent assessment on premiums for policies and contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of the assigned risk plan ~~review~~ board. ~~Proceeds of the assessment shall be deposited in the state treasury and credited to the general fund.~~

(6) The assigned risk plan and the assigned risk plan ~~review~~ board shall not be deemed a state agency.

(7) The commissioner or a designated representative may attend board meetings and shall receive notice of the meetings at the same time and in the same manner as notice is given to board members.

Sec. 70. Minnesota Statutes 1992, section 79.251, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATE MERIT RATING PLAN.] The ~~commissioner~~ *board* shall develop an appropriate merit rating plan which shall be applicable to all insureds holding policies or contracts of coverage issued pursuant to subdivision 4 and to the insurers or self-insurance administrators issuing those policies or contracts. The plan shall provide a maximum merit adjustment equal to ten percent of earned premium. The actual adjustment may vary with insured's loss experience.

Sec. 71. Minnesota Statutes 1992, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] Insureds served by the assigned risk plan shall be charged premiums based upon a rating plan, including a merit rating plan adopted by the ~~commissioner by rule~~ *board*. The ~~commissioner~~ *board* shall annually, not later than January 1 of each year, establish the schedule of rates applicable to assigned risk plan business. Assigned risk premiums shall not be lower than rates generally charged by insurers for the business. ~~The commissioner shall fix the compensation received by the agent of record.~~ *The rates and rating plan shall be filed with the department of commerce as required by section 79.56. The commissioner may disapprove the rating plan if the premiums that result from use of the plan are inadequate, unfairly discriminatory, or if the expected underwriting profit, together with expected income from the invested reserves for the market in question, that would accrue to the assigned risk plan would be unreasonably high in relation to the risk undertaken by the assigned risk plan in transacting the business.* The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14.

Sec. 72. Minnesota Statutes 1992, section 79.251, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATION.] The ~~commissioner~~ *board* shall enter into service contracts as necessary or beneficial for accomplishing the purposes of the assigned risk plan. Services related to the administration of policies or contracts of coverage shall be performed by one or more qualified insurance companies licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b), or self-insurance administrators licensed pursuant to section 176.181, subdivision 2, clause (2), paragraph (a). A qualified insurer or self-insurance administrator shall possess sufficient financial, professional, administrative, and personnel resources to provide the services contemplated in the contract. Services related to assignments, data management, assessment collection, and other services ~~shall~~ *may* be performed by a licensed data service organization. The cost of those services is an obligation of the assigned risk plan.

Sec. 73. Minnesota Statutes 1992, section 79.251, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENTS.] *Subject to the approval of* the commissioner, *the board* shall assess all insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b) an amount sufficient to fully fund the obligations of the assigned risk plan, if the ~~commissioner~~ *board* determines that the assets of the assigned risk plan are insufficient to meet its obligations. The assessment of each insurer shall be in a proportion equal to the proportion which the amount of compensation insurance written in this state during the preceding calendar year by that insurer bears to the total compensation insurance written in this state during the preceding calendar year by all licensed insurers.

Sec. 74. Minnesota Statutes 1992, section 79.251, subdivision 7, is amended to read:

Subd. 7. [INVESTMENT OF ASSETS.] The ~~commissioner~~ *board* shall certify and transfer to the state board of investment all assigned risk plan assets which in the ~~commissioner's~~ *board's* judgment are not required for immediate use. The state board of investment shall invest the certified assets, and may invest the assets consistent with the provisions of section 11A.14. All investment income and losses attributable to the investment of assigned risk plan assets must be credited to the assigned risk plan. When the ~~commissioner~~ *board* certifies to the state board that invested assets are required for immediate use, the state board shall sell assets to provide the amount of assets the ~~commissioner~~ *board* certifies. The *state* board shall transfer the sale proceeds to the ~~commissioner~~ *plan*.

Sec. 75. Minnesota Statutes 1992, section 79.251, is amended by adding a subdivision to read:

Subd. 8. [APPEAL AND REVIEW.] *An applicant, insured, or insurer may appeal an action of the board to the commissioner within 30 days of the occurrence of the action.*

A final action or order of the commissioner is subject to judicial review under sections 14.63 to 14.69.

Sec. 76. Minnesota Statutes 1992, section 79.252, subdivision 5, is amended to read:

Subd. 5. [RULES.] The commissioner may adopt rules~~, including emergency rules,~~ as may be necessary to implement section 79.251 and this section."

Page 56, after line 5, insert:

"Sec. 81. [INITIAL BOARD APPOINTMENT.]

The initial appointments to the assigned risk plan board under Minnesota Statutes, section 79.251, must be made by September 1, 1993.

Of the five members who are insurers, two shall be appointed for a one-year term, two shall be appointed for a two-year term, and one for a one-year term. The labor representative shall be appointed for a three-year term.

Of the three public members, one shall be appointed for a one-year term, one shall be appointed for a two-year term, and one shall be appointed for a three-year term."

Page 56, line 25, after the period, insert "*Sections 69 to 76 and 81 are 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.

Mr. Neuville moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 30, after line 17, insert:

"Sec. 45. [62F.15] [DISCLOSURE OF LACK OF MEDICAL MALPRACTICE INSURANCE.]

A licensee of the board of medical practice, board of chiropractic examiners, board of optometry, board of psychology, board of dentistry, board of pharmacy, and the board of podiatric medicine that does not have medical malpractice insurance must give notice of that fact in a conspicuous place on the premises where a patient is to be treated. The notice must state that the licensee does not have medical malpractice insurance, as defined in section 62F.03, subdivision 4."

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. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 51, after line 23, insert:

"Sec. 70. [214.065] [CANCELLATION OF LICENSE FOR FAILURE TO PROVIDE PROOF OF PROFESSIONAL LIABILITY COVERAGE.]

Subdivision 1. [PROOF OF COVERAGE.] *No health-related licensing board shall renew a license until the licensee provides the appropriate licensing board with proof of professional liability coverage by providing the board with the name and address of the licensee's professional liability insurer or guaranteeing organization. Each health care provider shall maintain on file with its licensing or examining board a certificate evidencing this insurance which provides that the insurance may not be canceled without the insurer first giving 15 days' written notice to the board of the cancellation. For purposes of this section "health-related licensing board" is defined to include the board of medical practice, the board of chiropractic examiners, the board of optometry, the board of psychology, the board of dentistry, the board of pharmacy, and the board of podiatric medicine.*

Subd. 2. [EXEMPTIONS.] *Each health related licensing board may adopt rules to exempt certain licensees from the requirement of subdivision 1. Exemptions may include but are not limited to:*

(1) licensees who are retired;

(2) licensees who do not directly treat patients;

(3) licensees who are unable to practice because of terminal illness or permanent disability as certified by an attending physician; and

(4) other licensees the board may deem appropriate.

Subd. 3. [RULES.] *Each health-related board shall determine by rule the terms and minimum amount of professional liability coverage to be required for license renewal under subdivision 1."*

Page 56, line 24, after the period, insert:

"Section 70, subdivision 1, is effective for licensees whose license is renewed 30 days after the rules are adopted but no later than January 1, 1994. Section 70, subdivisions 2 and 3, are effective the day following enactment."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 33, before "repealing" insert "and 214;"

The motion prevailed. So the amendment was adopted.

Mr. Benson, D.D. moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 55, after line 36, insert:

"Sec. 72. [604.85] [VOLUNTEER ATHLETIC PHYSICIANS AND TRAINERS; IMMUNITY FROM LIABILITY.]

Subdivision 1. [GRANT.] *Any physician licensed to practice medicine under chapter 147 or under the laws of another state, and any certified athletic trainer, who: (1) is serving as a volunteer physician or volunteer athletic trainer at an athletic event or organized sports competition sponsored by a public or private educational institution; or (2) is serving as a volunteer physician or volunteer athletic trainer at an athletic event or organized sports*

competition sponsored by a nonprofit corporation organized under chapter 317A or an unincorporated nonprofit association, is not liable for any civil damages as a result of acts or omissions by that person in providing emergency care, advice, or assistance to a player, participant, or spectator, either at the scene of the event or competition or while the player, participant, or spectator is being transported to a hospital, physician's office, or other medical facility.

Subd. 2. [LIMITATION.] *This exemption does not apply if the physician or athletic trainer: (1) acts in a willful and wanton or reckless manner in providing the care, advice, or assistance; or (2) receives or expects compensation for providing the care, advice, or assistance. For purposes of this requirement, "compensation" does not include reimbursement for expenses."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Reichgott questioned whether the amendment was germane.

The President ruled that the amendment was germane.

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

Mr. Lessard moved to amend H.F. No. 1094, as amended pursuant to Rule 49, adopted by the Senate May 4, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1134.)

Page 55, after line 36, insert:

"Sec. 72. Minnesota Statutes 1992, section 481.06, is amended to read:

481.06 [GENERAL DUTIES.]

Every attorney at law shall:

(1) Observe and carry out the terms of the attorney's oath;

(2) Maintain the respect due to courts of justice and judicial officers;

(3) Counsel or maintain such causes only as appear to the attorney legal and just; but the attorney shall not refuse to defend any person accused of a public offense;

(4) Employ, for the maintenance of causes confided to the attorney, such means only as are consistent with truth, and never seek to mislead the judges by any artifice or false statement of fact or law;

(5) Keep inviolate the confidences of the attorney's client, abstain from offensive personalities, and advance no fact prejudicial to the honor or reputation of a party or witness, unless the justice of the cause requires it;

(6) Encourage the commencement or continuation of no action or proceeding from motives of passion or interest; nor shall the attorney, for any personal consideration, reject the cause of the defenseless or oppressed;

(7) Maintain policies of insurance, bonds, or other evidence of financial responsibility for malpractice claims in the amounts and under the conditions prescribed by the supreme court."

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. 1094 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 64 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Mondale	Riveness
Beckman	Finn	Kroening	Murphy	Robertson
Belanger	Flynn	Laidig	Neuville	Runbeck
Benson, D.D.	Frederickson	Langseth	Novak	Sams
Benson, J.E.	Hottinger	Larson	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Solon
Berglin	Johnson, D.E.	Lessard	Pappas	Spear
Bertram	Johnson, D.J.	Luther	Pariseau	Stevens
Betzold	Johnson, J.B.	Marty	Piper	Stumpf
Chandler	Johnston	McGowan	Pogemiller	Terwilliger
Chmielewski	Kelly	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener
Day	Knutson	Moe, R.D.	Reichgott	

Ms. Anderson and Mr. Morse voted in the negative.

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 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. 760: A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

There has been appointed as such committee on the part of the House:

Wolf; Anderson, I. and Jennings.

Senate File No. 760 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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. 1245, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1245 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1245

A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1245, 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. 1245 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [6.715] [CLASSIFICATION OF STATE AUDITOR'S DATA.]

Subdivision 1. [DEFINITIONS.] *(a) For purposes of this section, "audit" means an examination, financial audit, compliance audit, or investigation performed by the state auditor.*

(b) The definitions in section 13.02 apply to this section.

Subd. 2. [CLASSIFICATION.] *Data relating to an audit are protected nonpublic data or confidential data on individuals, until the final report of the audit has been published or the audit is no longer being actively pursued. Data that support the conclusions of the report and that the state auditor*

reasonably believes will result in litigation are protected nonpublic data or confidential data on individuals, until the litigation has been completed or is no longer being actively pursued. Data on individuals 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 were needed for 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, or the state auditor reasonably believes that the subject would not have provided the data. Data that could reasonably be used to determine the identity of an individual supplying data pursuant to section 609.456 are private.

Subd. 3. [LAW ENFORCEMENT.] *Notwithstanding any provision to the contrary in subdivision 2, the state auditor may share data relating to an audit with appropriate local law enforcement agencies.*

Sec. 2. Minnesota Statutes 1992, section 13.32, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are ~~confidential~~ *not educational data*; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit. *The University of Minnesota police department is a law enforcement agency for purposes of section 13.82 and other sections of Minnesota Statutes dealing with law enforcement records. Records of organizations providing security services to a public educational agency or institution must be administered consistent with section 13.861.*

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

(b) "Student" means an individual currently or formerly enrolled or registered, applicants for enrollment or registration at a public educational agency or institution, or individuals who receive shared time educational services from a public agency or institution.

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds to the position of the maker of the record.

Sec. 3. Minnesota Statutes 1992, section 13.32, subdivision 3, is amended to read:

Subd. 3. [PRIVATE DATA; WHEN DISCLOSURE IS PERMITTED.] Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 13.05;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title 34, section 99.36 which are in effect on July 1, ~~1989~~ *1993*;

(e) Pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, ~~1989~~ *1993*; ~~or~~

(f) To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) When disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, chapter 1092, in effect on July 1, 1993; or

(h) To the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a post-secondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction.

Sec. 4. Minnesota Statutes 1992, section 13.32, subdivision 6, is amended to read:

Subd. 6. [ADMISSIONS FORMS; *REMEDIAL INSTRUCTION.*] *(a)* Minnesota post-secondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution.

(b) A school district that receives information under subdivision 3, paragraph (h) from a post-secondary institution about an identifiable student shall maintain the data as educational data and use that data to conduct studies to improve instruction. Public post-secondary systems annually shall provide summary data to the department of education indicating the extent and content of the remedial instruction received in each system during the prior academic year by, and the results of assessment testing and the academic performance of, students who graduated from a Minnesota school

district within two years before receiving the remedial instruction. The department shall evaluate the data and annually report its findings to the education committees of the legislature.

(c) This section supersedes any inconsistent provision of law.

Sec. 5. Minnesota Statutes 1992, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. *If the licensee and the licensing agency agree to resolve a complaint without a hearing, the agreement and the specific reasons for the agreement are public data.* The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.

Sec. 6. Minnesota Statutes 1992, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling ~~administrative or judicial proceedings~~ *any dispute arising out of the employment relationship*; work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, *or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement.* Final disposition includes a resignation by an individ-

ual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

Sec. 7. Minnesota Statutes 1992, section 13.43, is amended by adding a subdivision to read:

Subd. 8. [HARASSMENT DATA.] *When allegations of sexual or other types of harassment are made against an employee, the employee does not have access to data that would identify the complainant or other witnesses if the responsible authority determines that the employee's access to that data would:*

(1) threaten the personal safety of the complainant or a witness; or

(2) subject the complainant or witness to harassment.

If a disciplinary proceeding is initiated against the employee, data on the complainant or witness shall be available to the employee as may be necessary for the employee to prepare for the proceeding.

Sec. 8. Minnesota Statutes 1992, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law, *including, but not limited to, aid to families with dependent children, medical assistance, general assistance, work readiness, and general assistance medical care.*

(c) "Welfare system" includes the department of human services, county welfare boards, county welfare agencies, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

Sec. 9. Minnesota Statutes 1992, 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;

(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;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person; ~~or~~

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5)~~,~~*;*

(14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children, medical assistance, general assistance, work readiness, or general assistance medical care may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties; or

(16) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c).

(b) *Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.*

(c) Data provided to law enforcement agencies under paragraph (a), clause (15) or (16), or paragraph (b) are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) 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. 10. Minnesota Statutes 1992, 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 *on current and former licensees* are public: name, address, telephone number of licensees, licensed capacity, type of client preferred, variances granted, type of dwelling, name and relationship of other family members, previous license history, class of license, and the existence and status of complaints. 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, conclusions of law, and specifications of the final disciplinary action contained in the record of disciplinary action.

The following data on persons licensed under section 245A.04 to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245A.04, subdivision 3b, and the reasons for setting aside the disqualification; and the reasons for granting any variance under section 245A.04, subdivision 9.

(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, 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. 11. [13.63] [MINNEAPOLIS EMPLOYEES RETIREMENT FUND DATA.]

Subdivision 1. [BENEFICIARY AND SURVIVOR DATA.] *The following data on beneficiaries and survivors of Minneapolis employees retirement fund members are private data on individuals: home address, date of birth, direct deposit account number, and tax withholding data.*

Subd. 2. [LIMITS ON DISCLOSURE.] *Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross pension, and type of benefit awarded.*

Sec. 12. Minnesota Statutes 1992, section 13.643, is amended to read:

13.643 [DEPARTMENT OF AGRICULTURE DATA.]

Subdivision 1. [LOAN AND GRANT APPLICANT 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.

Subd. 2. [FARM ADVOCATE DATA.] *The following data supplied by farmer clients to Minnesota farm advocates and to the department of agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.*

Sec. 13. Minnesota Statutes 1992, section 13.692, is amended to read:

13.692 [DEPARTMENT OF PUBLIC SERVICE DATA.]

Subdivision 1. [TENANT.] Data collected by the department of public service that reveals the identity of a tenant who makes a complaint regarding energy efficiency standards for rental housing are private data on individuals.

Subd. 2. [UTILITY OR TELEPHONE COMPANY EMPLOYEE OR CUSTOMER.] *(a) The following are private data on individuals: data collected by the department of public service or the public utilities commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except this data may be released as needed to law enforcement authorities.*

(b) The following are private data on individuals: data collected by the commission or the department of public service on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 14. Minnesota Statutes 1992, section 13.72, is amended by adding a subdivision to read:

Subd. 8. [MOTOR CARRIER OPERATING DATA.] *The following data submitted by Minnesota intrastate motor carriers to the department of transportation are nonpublic data: all payroll reports including wages, hours or miles worked, hours earned, employee benefit data, and terminal and route-specific operating data including percentage of revenues paid to agent operated terminals, line-haul load factors, pickup and delivery (PUD) activity, and peddle driver activity.*

Sec. 15. Minnesota Statutes 1992, section 13.792, is amended to read:

13.792 [~~MINNESOTA ZOOLOGICAL GARDEN~~ *PRIVATE DONOR GIFT* DATA.]

The following data maintained by the Minnesota zoological garden, *a community college, a technical college, the University of Minnesota, a Minnesota state university, and any related entity subject to chapter 13* are classified as private or nonpublic:

(1) research information about prospects and donors gathered to aid in determining appropriateness of solicitation and level of gift request;

(2) specific data in prospect lists that would identify prospects to be solicited, dollar amounts to be requested, and name of solicitor;

(3) portions of solicitation letters and proposals that identify the prospect being solicited and the dollar amount being requested;

(4) letters, pledge cards, and other responses received from *donors regarding* prospective ~~donors~~ *gifts* in response to solicitations;

(5) portions of thank-you letters and other gift acknowledgment communications that would identify the name of the donor and the specific amount of the gift, pledge, or pledge payment; ~~and~~

(6) *donor financial or estate planning information, or portions of memoranda, letters, or other documents commenting on any donor's financial circumstances; and*

(7) data detailing dates of gifts, *payment schedule of gifts, form of gifts,* and specific gift amounts made by donors ~~to the Minnesota zoo~~.

Names of donors and gift ranges are public data.

Sec. 16. Minnesota Statutes 1992, section 13.82, subdivision 4, is amended to read:

Subd. 4. [RESPONSE OR INCIDENT DATA.] The following data created or collected by law enforcement agencies which documents the agency's response to a request for service including, but not limited to, responses to traffic accidents, or which describes actions taken by the agency on its own initiative shall be public government data:

(a) date, time and place of the action;

(b) agencies, units of agencies and individual agency personnel participating in the action unless the identities of agency personnel qualify for protection under subdivision 10;

(c) any resistance encountered by the agency;

(d) any pursuit engaged in by the agency;

(e) whether any weapons were used by the agency or other individuals;

(f) a brief factual reconstruction of events associated with the action;

(g) names and addresses of witnesses to the agency action or the incident unless the identity of any witness qualifies for protection under subdivision 10;

(h) names and addresses of any victims or casualties unless the identities of those individuals qualify for protection under subdivision 10;

(i) the name and location of the health care facility to which victims or casualties were taken;

(j) response or incident report number; ~~and~~

(k) dates of birth of the parties involved in a traffic accident; *and*

(l) whether the parties involved were wearing seat belts.

Sec. 17. Minnesota Statutes 1992, section 13.82, subdivision 6, is amended to read:

Subd. 6. [ACCESS TO DATA FOR CRIME VICTIMS.] *On receipt of a written request,* the prosecuting authority shall release investigative data

collected by a law enforcement agency to the victim of a criminal act *or alleged criminal act* or *to* the victim's legal representative ~~upon written request~~ unless the prosecuting authority reasonably believes:

(a) That the release of that data will interfere with the investigation; or

(b) That the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 18. Minnesota Statutes 1992, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency may withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) when access to the data would reveal the identity of an undercover law enforcement officer;

(b) when access to the data would reveal the identity of a victim of criminal sexual conduct or of a violation of section 617.246, subdivision 2;

(c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;

(d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, and the agency reasonably determines that revealing the identity of the victim or witness would threaten the personal safety or property of the individual;

(e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred; or

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller. *Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clause (d).*

Sec. 19. [13.861] [SECURITY SERVICE DATA.]

Subdivision 1. [DEFINITIONS.] *As used in this section:*

(a) "Security service" means an organization that provides security services to a state agency or political subdivision as a part of the governmental entity or under contract to it. Security service does not include a law enforcement agency.

(b) "Security service data" means all data collected, created, or maintained by a security service for the purpose of providing security services.

Subd. 2. [CLASSIFICATION.] *Security service data that are similar to the data described as request for service data and response or incident data in section 13.82, subdivisions 3 and 4, are public. If personnel of a security service make a citizen's arrest then any security service data that are similar to the data described as arrest data in section 13.82, subdivision 2, are public. If a security service participates in but does not make an arrest it shall, upon request, provide data that identify the arresting law enforcement agency. All other security service data are security information pursuant to section 13.37.*

Sec. 20. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 3a. [STATE AUDITOR DATA.] *Data relating to an audit under chapter 6 are classified under section 6.715.*

Sec. 21. Minnesota Statutes 1992, section 13.99, subdivision 24, is amended to read:

Subd. 24. [SOLID WASTE ~~FACILITY~~ RECORDS.] *(a)* Records of solid waste facilities received, inspected, or copied by a county pursuant to section 115A.882 are classified pursuant to section 115A.882, subdivision 3.

(b) Customer lists provided to counties or cities by solid waste collectors are classified under section 115A.93.

Sec. 22. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 92a. [GAMBLING ENFORCEMENT INVESTIGATIVE DATA.] *Data provided to the director of the division of gambling enforcement by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check are governed by section 299L.03, subdivision 11.*

Sec. 23. Minnesota Statutes 1992, section 115A.93, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER DATA.] *Customer lists provided to counties or cities by solid waste collectors are private data on individuals as defined in section 13.02, subdivision 12, with regard to data on individuals, or nonpublic data as defined in section 13.02, subdivision 9, with regard to data not on individuals.*

Sec. 24. Minnesota Statutes 1992, section 144.335, subdivision 3a, is amended to read:

Subd. 3a. [PATIENT CONSENT TO RELEASE OF RECORDS; LIABILITY.] (a) A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release, unless the release is specifically authorized by law. Except as provided in paragraph (c), a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

(b) This subdivision does not prohibit the release of health records for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency.

(c) Notwithstanding paragraph (a), if a patient explicitly gives informed consent to the release of health records for the purposes and pursuant to the restrictions in clauses (1) and (2), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient.

(d) Until June 1, 1994, paragraph (a) does not prohibit the release of health records to qualified personnel solely for purposes of medical or scientific research, if the patient has not objected to a release for research purposes and the provider who releases the records makes a reasonable effort to determine that:

(i) the use or disclosure does not violate any limitations under which the record was collected;

(ii) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(iii) the recipient has established and maintains adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(iv) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

(e) A person who negligently or intentionally releases a health record in violation of this subdivision, or who forges a signature on a consent form, or who obtains under false pretenses the consent form or health records of another person, or who, without the person's consent, alters a consent form, is liable to the patient for compensatory damages caused by an unauthorized release, plus costs and reasonable attorney's fees.

(f) Upon the written request of a spouse, parent, child, or sibling of a patient being evaluated for or diagnosed with mental illness, a provider shall inquire of a patient whether the patient wishes to authorize a specific individual to receive information regarding the patient's current and proposed course of treatment. If the patient so authorizes, the provider shall commu-

nicate to the designated individual the patient's current and proposed course of treatment. Paragraph (a) applies to consents given under this paragraph.

Sec. 25. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [INDEPENDENT MEDICAL EXAMINATION.] *This section applies to the subject and provider of an independent medical examination requested by or paid for by a third party. Notwithstanding subdivision 3a, a provider may release health records created as part of an independent medical examination to the third party who requested or paid for the examination.*

Sec. 26. [144.6581] [DETERMINATION OF WHETHER DATA IDENTIFIES INDIVIDUALS.]

The commissioner of health may: (1) withhold access to health or epidemiologic data if the commissioner determines the data are data on an individual, as defined in section 13.02, subdivision 5; or (2) grant access to health or epidemiologic data, if the commissioner determines the data are summary data as defined in section 13.02, subdivision 19. In the exercise of this discretion, the commissioner shall consider whether the data requested, alone or in combination, may constitute information from which an individual subject of data may be identified using epidemiologic methods. In making this determination, the commissioner shall consider disease incidence, associated risk factors for illness, and similar factors unique to the data by which it could be linked to a specific subject of the data. This discretion is limited to health or epidemiologic data maintained by the commissioner of health or a board of health, as defined in section 145A.02.

Sec. 27. Minnesota Statutes 1992, section 169.09, subdivision 7, is amended to read:

Subd. 7. [ACCIDENT REPORT TO COMMISSIONER.] The driver of a vehicle involved in an accident resulting in bodily injury to or death of any person or total property damage to an apparent extent of $500 or more, shall forward a written report of the accident to the commissioner of public safety within ten days thereof. *On the required report, the driver shall provide the commissioner with the name and policy number of the insurer providing vehicle liability coverage at the time of the accident.* On determining that the original report of any driver of a vehicle involved in an accident of which report must be made as provided in this section is insufficient, the commissioner of public safety may require the driver to file supplementary reports.

Sec. 28. Minnesota Statutes 1992, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL; *FEE, PENALTY.*] *(a)* All written reports and supplemental reports required under this section ~~to be provided to the department of public safety shall be without prejudice to the individual so reporting and~~ shall be for the ~~confidential~~ use of the ~~department~~ *commissioner* of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except ~~that the department~~:

(1) the commissioner of public safety or any law enforcement ~~department of any municipality or county in this state~~ *agency* shall, upon written request of any person involved in an accident or upon written request of the representative of the person's estate, surviving spouse, or one or more

surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, the requester's legal counsel or a representative of the requester's insurer ~~any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.~~

~~Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Response or incident data may be released pursuant to section 13.82, subdivision 4.~~

~~When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.~~

~~Notwithstanding other provisions of this subdivision to the contrary,~~ *the report required under subdivision 8;*

(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;

(3) the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;

(4) the commissioner of public safety ~~shall~~ *may* give to the commissioner of transportation the name and address of a carrier subject to section 221.031 ~~that is named in an accident report filed under subdivision 7 or 8. The commissioner of transportation may not release the name and address to any person. The commissioner shall use this information to enforce~~ *for use in enforcing* accident report requirements under chapter 221. ~~In addition~~*; and*

(5) the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

~~The department may charge authorized persons a $5 fee for a copy of an accident report.~~

(b) Accident reports and data contained in the reports shall not be discoverable under any provision of law or rule of court. No report shall be

used as evidence in any trial, civil *or criminal, arising out of an accident, except that the commissioner of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.*

(c) Nothing in this subdivision prevents any person who has made a report pursuant to this section from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.

(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 4, or other statutes, is a misdemeanor.

(e) The commissioner of public safety may charge authorized persons a $5 fee for a copy of an accident report.

(f) The commissioner and law enforcement agencies may charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per report. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that access is not for a commercial purpose. Money collected by the commissioner under this paragraph is appropriated to the commissioner.

Sec. 29. Minnesota Statutes 1992, 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).

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) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), 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 section may be retained by the agency in a position involving direct contact with persons served by the program.

(g) 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.

(h) 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.~~

(i) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 30. Minnesota Statutes 1992, section 260.161, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), the court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 23 years and shall release the records on an individual *to another juvenile court that has jurisdiction of the juvenile,* to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. ~~The legal~~ *Unless otherwise provided by law, all court* records ~~maintained in this file~~ shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a violation of, or an attempt to violate, section 609.342, 609.343, 609.344, or 609.345, until the offender reaches the age of 25. If the offender commits another violation of sections 609.342 to 609.345 as an adult, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was represented by an attorney when the petition was admitted or proven.

Sec. 31. Minnesota Statutes 1992, section 260.161, subdivision 3, is amended to read:

Subd. 3. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260.155, subdivision 1, peace officers' records of children *who are or may be delinquent or who may be engaged in criminal acts* 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~~ *are private data but shall be disseminated:* (1) by order of the juvenile court, (2) as required by section 126.036, (3) as authorized under section 13.82, subdivision 2, (4) to the *child or the* child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, or (5) as provided in paragraph (d). 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. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10.* Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(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) A photograph may be taken of a child taken into custody pursuant to section 260.165, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. 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, *case supervision by parole agents,* 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.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, *and accident reports required under section 169.09 may be released under section 169.09, subdivision 13,* unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not a minor traffic offense under section 260.193.

Sec. 32. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] *If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.*

Sec. 33. Minnesota Statutes 1992, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the social security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

Sec. 34. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary,~~ The departments of labor and industry and revenue may exchange information ~~on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent.~~ *as follows:*

(1) data used in determining whether a business is an employer or a contracting agent;

(2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and

(3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 35. Minnesota Statutes 1992, section 270B.14, is amended by adding a subdivision to read:

Subd. 12. [DISCLOSURE TO OFFICE OF TOURISM.] *The commissioner may disclose to the office of tourism in the department of trade and economic development, the name, address, standard industrial classification code, and telephone number of a travel or tourism related business that is authorized to collect sales and use tax. The data may be used only by the office of tourism to survey travel or tourism related businesses.*

Sec. 36. Minnesota Statutes 1992, section 299L.03, is amended by adding a subdivision to read:

Subd. 11. [DATA CLASSIFICATION.] *Data provided to the director, by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check, has the same data access classification or restrictions on access, for the purposes of chapter 13, that it had in the entity providing it. If the classification or restriction on access in the entity providing the data is less restrictive than the Minnesota data classification, the Minnesota classification applies.*

Data classified as not public by this section are only discoverable as follows:

(1) the data are subject to discovery in a legal proceeding; and

(2) the data are discoverable in a civil or administrative proceeding if the subject matter of the proceeding is a final agency decision adverse to the party seeking discovery of the data.

Sec. 37. Minnesota Statutes 1992, 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, *including county medical examiners or county coroners.* 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, *including county medical examiners or county coroners,* 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. 38. Minnesota Statutes 1992, section 626.556, subdivision 11c, is amended to read:

Subd. 11c. [WELFARE, COURT SERVICES AGENCY, AND SCHOOL RECORDS MAINTAINED.] Notwithstanding sections 138.163 and 138.17, records maintained or records derived from reports of abuse by local welfare agencies, court services agencies, or schools under this section shall be destroyed as provided in paragraphs (a) to (d) by the responsible authority.

(a) If upon assessment or investigation there is no determination of maltreatment or the need for child protective services, the records may be maintained for a period of four years. After the individual alleged to have maltreated a child is notified under subdivision 10f of the determinations at the conclusion of the assessment or investigation, upon that individual's request, records shall be destroyed within 30 days.

(b) All records relating to reports which, upon assessment or investigation, indicate either maltreatment or a need for child protective services shall be ~~destroyed~~ ~~seven~~ *maintained for at least ten* years after the date of the final entry in the case record.

(c) All records regarding a report of maltreatment, including any notification of intent to interview which was received by a school under subdivision 10, paragraph (d), shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(d) Private or confidential data released to a court services agency under subdivision 10h must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

Sec. 39. [HENNEPIN COUNTY FOSTER CARE REVIEW TEAM; DATA ACCESS.]

The foster care policy redesign commission and the foster care review team created by the Hennepin county board of commissioners to review the foster care system shall have access to not public data as defined in Minnesota Statutes, section 13.02, subdivision 8a, as provided in this section. The commission and the team shall have access to not public data on foster care cases. Access is limited to records created, collected, or maintained by any local social services agency that provided services to a child or a child's family during the five years immediately preceding any out-of-home placement of the child and continuing throughout the period of the placement until the child was returned to the custody of a parent, adopted, or otherwise was no longer the subject of a case plan developed by a county social service agency. A county social service agency shall provide the not public data described in this section to the foster care review team or the foster care policy redesign commissioner upon request.

Not public data received by the foster care review team or the foster care policy redesign commission maintains the same classification in the possession of the team or commission as it had in the possession of the entity providing the data. Not public data received under this section shall be returned to the entity providing it upon completion of the work of the foster care policy redesign commission and the foster care review team.

Sec. 40. [JOINT PLAN TO REPORT TO SCHOOL DISTRICTS.]

Minnesota public post-secondary education systems, for the purpose of assisting school districts in developing academic standards, determining specific areas of academic deficiency within the secondary school curriculum, and improving instruction, shall by September 1, 1993, jointly develop a plan to disseminate data to Minnesota school districts indicating the extent and content of the remedial instruction received at each public post-secondary institution by, and the results of assessment testing and the academic performance of, students who graduated from a district within two years before receiving the remedial instruction. The data shall include personally identifiable information about the student to the extent necessary to accomplish the purpose of this section.

The plan shall require the data to be disseminated in a manner consistent with the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, 1993.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, section 13.644, is repealed.

Sec. 42. [EFFECTIVE DATE; APPLICATION.]

Sections 10, 21, 23, and 29 are effective the day following final enactment. Section 25 is effective the day following final enactment and applies to health records created before, on, or after that date. Nothing in section 25 creates a physician-patient relationship. Sections 8 and 9 are effective October 1, 1993."

Delete the title and insert:

"A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2, and by adding a subdivision; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivision 3; 260.161, subdivisions 1 and 3; 270B.12, by adding a subdivision; 270B.14, subdivisions 1, 8, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, section 13.644."

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

House Conferees: (Signed) Mary Jo McGuire, Phil Carruthers, Bill Macklin

Senate Conferees: (Signed) Jane B. Ranum, Gene Merriam, David L. Knutson

Ms. Ranum moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1245 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. 1245 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Morse	Riveness
Anderson	Finn	Laidig	Murphy	Robertson
Beckman	Flynn	Langseth	Neuville	Runbeck
Belanger	Frederickson	Larson	Novak	Sams
Benson, D.D.	Hottinger	Lesewski	Oliver	Samuelson
Benson, J.E.	Janezich	Lessard	Olson	Solon
Berg	Johnson, D.E.	Luther	Pappas	Spear
Berglin	Johnson, D.J.	Marty	Pariseau	Stevens
Bertram	Johnston	McGowan	Piper	Stumpf
Betzold	Kelly	Merriam	Pogemiller	Terwilliger
Chmielewski	Kiscaden	Metzen	Price	Vickerman
Cohen	Knutson	Moe, R.D.	Ranum	Wiener
Day	Krentz	Mondale	Reichgott	

Ms. Johnson, J.B. 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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Knutson, Ms. Olson, Mrs. Pariseau, Mr. Frederickson and Ms. Johnston introduced—

S.F. No. 1671: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2;

79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. McGowan, Mrs. Benson, J.E.; Messrs. Chmielewski, Laidig and Belanger introduced—

S.F. No. 1672: A bill for an act relating to workers' compensation; providing for insurance regulation; regulating benefits; appropriating money; amending Minnesota Statutes 1992, sections 79.50; 79.51, subdivisions 1 and 3; 79.53, subdivision 1; 79.55, subdivisions 2, 5, and by adding subdivisions; 79.56, subdivisions 1 and 3; 176.021, subdivisions 3 and 3a; 176.101, subdivisions 1, 3g, 3l, 3m, 3o, 3q, 4, and 5; 176.645, subdivision 1; and 176.66, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 79; repealing Minnesota Statutes 1992, sections 79.53, subdivision 2; 79.54; 79.56, subdivision 2; 79.57; 79.58; and 176.132, subdivisions 1 and 2.

Referred to the Committee on Jobs, Energy and Community Development.

Mses. Olson, Robertson, Messrs. Johnson, D.E.; Mondale and Oliver introduced—

S.F. No. 1673: A bill for an act relating to highways; allowing use of existing paved road surface to be used for additional lane of travel on I-394; amending Minnesota Statutes 1992, section 161.123.

Referred to the Committee on Transportation and Public Transit.

Messrs. Neuville, Stevens, Chmielewski, Mmes. Benson, J.E. and Adkins introduced—

S.F. No. 1674: A bill for an act relating to marriage; declaring certain marriages contracted in other states to be invalid in Minnesota; amending Minnesota Statutes 1992, section 517.20.

Referred to the Committee on Judiciary.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Luther moved that H.F. No. 1650, No. 24 on General Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 5:00 p.m. The motion prevailed.

The hour of 5:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

S.F. No. 1642: 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 1992, section 148.181, subdivision 1, as amended.

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

Page 3, after line 3, insert:

"Sec. 2. [CORRECTION 2.] 1993 S.F. No. 1570, if enacted, is amended by adding a section to read:

Sec. 95. Minnesota Statutes 1992, section 41A.09, is amended by adding a subdivision to read:

Subd. 8. [PROMOTIONAL AND EDUCATIONAL MATERIALS; DESCRIPTION OF MULTIPLE SOURCES OF ETHANOL REQUIRED.] *Promotional or educational efforts related to ethanol that are financed wholly or partially with state funds and that promote or identify a particular crop or commodity used to produce ethanol must also include a description of the other potential sources of ethanol listed in subdivision 2.*

Sec. 3. [CORRECTION 3.] 1993 S.F. No. 1570, section 2, subdivision 7, if enacted, is amended to read:

Subd. 7. General Support

6,624,000 6,916,000

Summary by Fund

General	1,762,000	1,762,000
Environmental	4,854,000	5,146,000
Metro Landfill Contingency	8,000	8,000

(a) The following amounts are appropriated for Phase I of an environmental computer compliance management system:

General	400,000	400,000
Environmental	1,309,000	1,599,000

From the environmental fund, $381,000 the first year and $420,000 the second

year are appropriated from the agency's indirect cost account; $350,000 the first year is appropriated from the balance in the hazardous waste fee account; $200,000 the first year is appropriated from the balance in the low level radiation fee account; $790,000 the second year is appropriated from the unexpended balance in the motor vehicle transfer fee account; and $378,000 the first year and $389,000 are appropriated proportionately from all salary accounts in the environmental fund.

The project must be coordinated to access department of natural resources computer information. The commissioner must report on the project to the house ways and means and senate finance committee by July 1, 1995.

(b) $150,000 is appropriated in each of fiscal years 1994 and 1995 to the commissioner of the pollution control agency from the motor vehicle transfer account in the environmental fund for the purpose of making grants for development of management alternatives for shredder residue under ~~article 2,~~ section ~~29~~ *90*. The unencumbered balance remaining in the first year does not cancel but is available for the second year and any amount of this appropriation not used to make grants under ~~article 2,~~ section ~~29~~ *90* reverts to the motor vehicle transfer account on June 30, 1995.

(c) $140,000 is appropriated to the commissioner of the pollution control agency from the motor vehicle transfer account in the environmental fund for the purpose of studying management of shredder residue from motor vehicles, appliances, and other sources of recyclable steel and administering the grants authorized under ~~article 2,~~ section ~~29~~ *90*.

(d) None of the money appropriated in paragraphs (b) and (c) may be spent unless the legislative commission on waste management has approved a work program prepared by the commissioner of the pollution control agency.

Sec. 4. [CORRECTION 3.] 1993 S.F. No. 1570, section 75, subdivision 1, if enacted, is amended to read:

Subdivision 1. [SCOPE.] As used in ~~sections 64 and 65~~ *this section and section 76*, the terms defined in this section have the meanings given.

Sec. 5. [CORRECTION 5; VETERANS SERVICE OFFICE GRANT PROGRAM.] 1993 S.F. No. 1620, section 79, subdivision 6, if enacted, is amended to read:

Subd. 6. [GRANT AMOUNT.] The amount of each grant must be determined by the commissioner of veterans affairs, and may not exceed the lesser of:

(1) the amount specified in the grant application to be expended on the plan for enhancing the effectiveness of the county veterans service office; or

(2) the county's share of the total funds available under the program, determined in the following manner:

(i) if the county's veteran population is less than 1,000, the county's grant share shall be $2,000;

(ii) if the county's veteran population is 1,000 or more but less than 3,000, the county's grant share shall be $4,000;

(iii) if the county's veteran population is 3,000 or more but less then 10,000, the county's grant share shall be $6,000; or

(iv) if the county's veteran population is 10,000 or more, the county's grant share shall be $8,000.

In any year, only one-half of the counties in each of the four veteran population categories (i) to (iv) ~~shall~~ *may* be awarded grants. Grants shall be awarded on a first-come first-served basis to counties submitting applications which meet the commissioner's criteria as established in the rules. Any county not receiving a grant in any given year shall receive priority consideration for a grant the following year.

In any year, after a period of time to be determined by the commissioner, any amounts remaining from undistributed county grant shares may be reallocated to the other counties which have submitted qualifying application.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Sec. 6. [CORRECTION 10; MANUFACTURED HOME PARKS.] 1993 S.F. No. 1105, section 33, if enacted, is amended to read:

Sec. 33. [MANUFACTURED HOME PARK ZONING ~~STUDY.~~]

A municipality, as defined in Minnesota Statutes, section 462.352, subdivision 2, may not adopt an ordinance after May 22, 1993 and before August 1, 1994, that establishes setback requirements for manufactured homes in a manufactured home park if the ordinance would have the effect of prohibiting replacing a home in a park with a home ~~approved by the department of housing and urban development~~ *manufactured to the manufactured home building code as defined in Minnesota Statutes, section 327.31, subdivision 3.*

Setback requirements adopted by ordinance by a municipality after April 1, 1991, are suspended and have no effect until August 1, 1994, if the setback requirements have the effect of prohibiting replacing a manufactured home in

a manufactured home park with a home ~~approved by the department of housing and urban development~~ *manufactured to the manufactured home building code as defined in Minnesota Statutes, section 327.31, subdivision 3.*

Sec. 7. [CORRECTION 13; AIRCRAFT PRIMER.] Minnesota Statutes 1992, section 115A.9651, as amended by 1993 H.F. No. 287, section 25, is amended to read:

115A.9651 [TOXICS IN PRODUCTS; ENFORCEMENT.]

After July 1, 1994, no person may deliberately introduce lead, cadmium, mercury, or hexavalent chromium into any ink, dye, pigment, paint, or fungicide that is intended for use or for sale in this state.

Until July 1, 1997, this section does not apply to electrodeposition primer coating *or primer coating used on aircraft*, porcelain enamel coatings, medical devices, hexavalent chromium in the form of chromine acid when processed at a temperature of at least 750 degrees Fahrenheit, or ink used for computer identification markings.

This section does not apply to art supplies.

This section may be enforced under sections 115.071 and 116.072. The attorney general or the commissioner of the agency shall coordinate enforcement of this section with the director of the office.

Sec. 8. [CORRECTION 16; ZONING; FIREARMS DEALERS.] 1993 H.F. No. 1585, article 1, section 3, if enacted, is amended to read:

Sec. 3. [471.635] [ZONING ORDINANCES.]

Notwithstanding section 471.633, a governmental subdivision may regulate by reasonable, nondiscriminatory, and nonarbitrary zoning ordinances, the location of businesses where firearms are sold by a firearms dealer. *For the purposes of this section, a firearms dealer is a person who is federally licensed to sell firearms and a governmental subdivision is an entity described in sections 471.633 and 471.634.*

Sec. 9. [CORRECTION 16; DRIVE-BY SHOOTING; VEHICLE FORFEITURE.] 1993 H.F. No. 1585, article 1, section 13, subdivision 1, if enacted, is amended to read:

Sec. 13. [609.5318] [FORFEITURE OF VEHICLES USED IN DRIVE-BY SHOOTINGS.]

Subdivision 1. [MOTOR VEHICLES SUBJECT TO FORFEITURE.] A motor vehicle is subject to forfeiture under this section if the prosecutor establishes by clear and convincing evidence that the vehicle was used in a violation of section 609.66, subdivision 1e. The prosecutor need not establish that any individual was convicted of the violation, but a conviction of the owner for a violation of section 609.66, subdivision 1e, creates a presumption that the ~~device~~ *vehicle* was used in the violation.

Sec. 10. [CORRECTION 16; MACHINE GUNS AND SHORT-BARRELED SHOTGUNS.] Minnesota Statutes 1992, section 609.67, subdivision 1, as amended by H.F. No. 1585, article 1, section 19, if enacted, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Machine gun" means any firearm

designed to discharge, or capable of discharging automatically more than once by a single function of the trigger.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

(d) "Trigger activator" means a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun.

(e) "Machine gun conversion kit" means any part or combination of parts designed and intended for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled, but does not include a spare or replacement part for a machine gun that is possessed lawfully under section 609.67, subdivision ~~1~~ *3*.

Sec. 11. [CORRECTION 16; PERSONS INELIGIBLE TO POSSESS PISTOLS OR CERTAIN SEMIAUTOMATIC WEAPONS.] Minnesota Statutes 1992, section 624.713, subdivision 1, as amended by 1993 H.F. No. 1585, article 1, section 27, if enacted, is amended to read:

Subdivision 1. [INELIGIBLE PERSONS.] The following persons shall not be entitled to possess a pistol or semiautomatic military-style assault weapon:

(a) a person under the age of 18 years except that a person under 18 may carry or possess a pistol or semiautomatic military-style assault weapon (i) in the actual presence or under the direct supervision of the person's parent or guardian, (ii) for the purpose of military drill under the auspices of a legally recognized military organization and under competent supervision, (iii) for the purpose of instruction, competition, or target practice on a firing range approved by the chief of police or county sheriff in whose jurisdiction the range is located and under direct supervision; or (iv) if the person has successfully completed a course designed to teach marksmanship and safety with a pistol or semiautomatic military-style assault weapon and approved by the commissioner of natural resources;

(b) a person who has been convicted in this state or elsewhere of a crime of violence unless ten years have elapsed since the person has been restored to civil rights or the sentence has expired, whichever occurs first, and during that time the person has not been convicted of any other crime of violence. For purposes of this section, crime of violence includes crimes in other states or jurisdictions which would have been crimes of violence as herein defined if they had been committed in this state;

(c) a person who is or has ever been confined or committed in Minnesota or elsewhere as a "mentally ill," "mentally retarded," or "mentally ill and dangerous to the public" person as defined in section 253B.02, to a treatment facility, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof that the person is no longer suffering from this disability;

(d) a person who has been convicted in Minnesota or elsewhere of a misdemeanor or gross misdemeanor violation of chapter 152, or a person who is or has ever been hospitalized or committed for treatment for the habitual use of a controlled substance or marijuana, as defined in sections 152.01 and 152.02, unless the person possesses a certificate of a medical doctor or psychiatrist licensed in Minnesota, or other satisfactory proof, that the person has not abused a controlled substance or marijuana during the previous two years;

(e) a person who has been confined or committed to a treatment facility in Minnesota or elsewhere as "chemically dependent" as defined in section 253B.02, unless the person has completed treatment. Property rights may not be abated but access may be restricted by the courts;

(f) a peace officer who is informally admitted to a treatment facility pursuant to section 253B.04 for chemical dependency, unless the officer possesses a certificate from the head of the treatment facility discharging or provisionally discharging the officer from the treatment facility. Property rights may not be abated but access may be restricted by the courts;

(g) a person who has been charged with committing a crime of violence and has been placed in a pretrial diversion program by the court before disposition, until the person has completed the diversion program and the charge of committing the crime of violence has been dismissed; or

(h) a person who has been convicted in another state of committing an offense similar to the offense described in section 609.224, *subdivision 3*, against a family or household member, unless three years have elapsed since the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224, *subdivision 3*, or a similar law of another state.

A person who issues a certificate pursuant to this subdivision in good faith is not liable for damages resulting or arising from the actions or misconduct with a firearm committed by the individual who is the subject of the certificate.

Sec. 12. [CORRECTION 16; EFFECTIVE DATE OF ARTICLE 1.] 1993 H.F. No. 1585, article 1, section 35, if enacted, is amended to read:

Sec. 35. [EFFECTIVE DATE.]

Sections 4 to 25 and 27 to 34 are effective August 1, 1993, and apply to crimes committed on or after that date. Section ~~25~~ *26* is effective the day following final enactment.

Section 3 is effective the day following final enactment and only applies to zoning of future sites of business locations where firearms are sold by a firearms dealer.

Sec. 13. [CORRECTION 16; TRESPASS.] Minnesota Statutes 1992, section 609.605, subdivision 1, as amended by 1993 H.F. No. 1585, article 4, section 32, if enacted, is amended to read:

Subdivision 1. [MISDEMEANOR.] (a) The following terms have the meanings given them for purposes of this section.

(i) "Premises" means real property and any appurtenant building or structure.

(ii) "Dwelling" means the building or part of a building used by an individual as a place of residence on either a full-time or a part-time basis. A dwelling may be part of a multidwelling or multipurpose building, or a manufactured home as defined in section 168.011, subdivision 8.

(iii) "Construction site" means the site of the construction, alteration, painting, or repair of a building or structure.

(iv) "Owner or lawful possessor," as used in clause (8), means the person on whose behalf a building or dwelling is being constructed, altered, painted, or repaired and the general contractor or subcontractor engaged in that work.

(v) "Posted," as used in clause (8), means the placement of a sign at least 11 inches square in a conspicuous place on the exterior of the building that is under construction, alteration, or repair, and additional signs in at least two conspicuous places for each ten acres being protected. The sign must carry an appropriate notice and the name of the person giving the notice, followed by the word "owner" if the person giving the notice is the holder of legal title to the land on which the construction site is located or by the word "occupant" if the person giving the notice is not the holder of legal title but is a lawful occupant of the land.

(vi) "Business licensee," as used in paragraph (b), clause ~~(8)~~ *(9)*, includes a representative of a building trades labor or management organization.

(vii) "Building" has the meaning given in section 609.581, subdivision 2.

(b) A person is guilty of a misdemeanor if the person intentionally:

(1) permits domestic animals or fowls under the actor's control to go on the land of another within a city;

(2) interferes unlawfully with a monument, sign, or pointer erected or marked to designate a point of a boundary, line or a political subdivision, or of a tract of land;

(3) trespasses on the premises of another and, without claim of right, refuses to depart from the premises on demand of the lawful possessor;

(4) occupies or enters the dwelling or locked or posted building of another, without claim of right or consent of the owner or the consent of one who has the right to give consent, except in an emergency situation;

(5) enters the premises of another with intent to take or injure any fruit, fruit trees, or vegetables growing on the premises, without the permission of the owner or occupant;

(6) enters or is found on the premises of a public or private cemetery without authorization during hours the cemetery is posted as closed to the public;

(7) returns to the property of another with the intent to harass, abuse, or threaten another, after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent;

(8) returns to the property of another within 30 days after being told to leave the property and not to return, if the actor is without claim of right to the property or consent of one with authority to consent; or

(9) enters the locked or posted construction site of another without the consent of the owner or lawful possessor, unless the person is a business licensee.

Sec. 14. [CORRECTION 16; EFFECTIVE DATE OF ARTICLE 4.] 1993 H.F. No. 1585, article 4, section 41, if enacted, is amended to read:

Sec. 41. [EFFECTIVE DATE.]

(a) Sections 1 to 9, and 11 to 39 are effective August 1, 1993, and apply to crimes committed on or after that date. Section 40 is effective retroactive to April 30, 1992, and applies to ~~cases pending on or after that date~~ *violations occurring on or after June 1, 1993.*

(b) Section 10 is effective August 1, 1993, and applies to crimes committed on or after that date, but previous convictions occurring before that date may serve as the basis for enhancing penalties under section 10.

Sec. 15. [CORRECTION 17; RETIREMENT.] 1993 H.F. No. 574, article 4, section 55, if enacted, is amended to read:

Sec. 55. [EFFECTIVE DATE.]

Sections 1 to 18, 20, 22 to 24, 27 to 29, 31 to 33, 37, 38, 40 to 44, 47 to 50, and 53 are effective July 1, 1993. Section 30 is effective January 1, 1993. Sections 19, 21, 25, 26, 34, 35, 36, 39, 45, 46, 51, and 54 are effective retroactively to October 16, 1992. Section 52 is effective May 1, 1994.

Sec. 16. [CORRECTION 19; HENNEPIN COUNTY FOSTER CARE REVIEW.]

1993 H.F. No. 1245, section 39, if enacted, takes effect the day after final enactment of this act."

Amend the title accordingly

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

SECOND READING OF SENATE BILLS

S.F. No. 1642 was read the second time.

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. 1063, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1063 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1063

A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1063, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments

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

House Conferees: (Signed) Steve Trimble, Doug Peterson, Kay Brown

Senate Conferees: (Signed) Deanna Wiener, Dennis R. Frederickson, Sam G. Solon

Ms. Wiener moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1063 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. 1063 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Finn	Krentz	Morse	Robertson
Beckman	Frederickson	Kroening	Murphy	Sams
Belanger	Hottinger	Laidig	Neuville	Samuelson
Benson, D.D.	Janezich	Langseth	Oliver	Solon
Benson, J.E.	Johnson, D.E.	Lesewski	Olson	Spear
Berg	Johnson, D.J.	Lessard	Pappas	Stevens
Berglin	Johnson, J.B.	Marty	Pariseau	Stumpf
Bertram	Johnston	Merriam	Piper	Terwilliger
Betzold	Kelly	Metzen	Pogemiller	Vickerman
Chandler	Kiscaden	Moe, R.D.	Price	Wiener
Cohen	Knutson	Mondale	Ranum	

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

S.F. No. 429: A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

Senate File No. 429 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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

House File No. 31 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CALL OF THE SENATE

Ms. Pappas imposed a call of the Senate for the balance of the proceedings on H.F. No. 31. The Sergeant at Arms was instructed to bring in the absent members.

CONFERENCE COMMITTEE REPORT ON H.F. NO. 31

A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 31, 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. 31 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5a. [GENDER BALANCE.] *The membership of an agency whose vacancies are filled under this section must be gender balanced. The membership of a multimember advisory agency in the judicial branch, and of nonlegislator members of a multimember agency in the legislative branch must be gender balanced. In determining gender balance, ex officio membership positions must be excluded. No person of the overrepresented gender may be appointed or reappointed to a vacant agency position if after the appointment or reappointment the number of members of one gender would be greater than:*

(1) one-half the membership plus one, in the case of an agency with an odd number of members; or

(2) one-half the membership, in the case of an agency with an even number of members.

If there is more than one appointing authority for an agency, the appointing authorities shall consult each other to ensure compliance with this subdivision. Appointing authorities shall also notify the commission and councils established by sections 3.922, 3.9223, 3.9225, and 3.9226. In addition, appointing authorities shall endeavor to ensure that the membership of agencies governed by this section reflect racial, ethnic, geographic, and socioeconomic diversity to the extent possible.

Sec. 2. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5b. [DEVIATION.] *Notwithstanding subdivision 5a, persons of an underrepresented gender may constitute less than half of the membership of an agency if the agency certifies to the secretary of state that:*

(1) the agency serves the needs or addresses the concerns of a specific gender-defined population; or

(2) after a good faith effort to achieve gender balance in accordance with subdivision 5a, the appointing authority has been unable to find enough persons of the underrepresented gender who are qualified and willing to accept appointment.

The secretary of state's annual report on the open appointments act must include information on certifications under this subdivision.

This subdivision expires June 30, 1996.

Sec. 3. [TOTAL AGENCY MEMBERSHIP.]

Appointing authorities, in cooperation with one another, shall make a good faith effort to ensure that, to the greatest extent possible, the membership of all agencies, considered together, is gender and geographically balanced.

This section expires June 30, 1996.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1993, and applies to agency positions becoming vacant on or after that date. Sections 1, 2, and 3 do not require displacement of a person who is an incumbent agency member on the effective dates of those sections until the person's current term expires."

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

House Conferees: (Signed) Phyllis Kahn, Geri Evans, Howard Orenstein

Senate Conferees: (Signed) Sandra L. Pappas, Jim Vickerman

Ms. Pappas moved that the foregoing recommendations and Conference Committee Report on H.F. No. 31 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 37 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Luther	Novak	Solon
Beckman	Hottinger	Marty	Pappas	Spear
Berglin	Janezich	Merriam	Piper	Stumpf
Bertram	Johnson, D.J.	Metzen	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Moe, R.D.	Price	Wiener
Chandler	Kelly	Mondale	Ranum	
Cohen	Krentz	Morse	Reichgott	
Finn	Kroening	Murphy	Riveness	

Those who voted in the negative were:

Adkins	Dille	Knutson	McGowan	Runbeck
Belanger	Frederickson	Laidig	Neuville	Sams
Benson, D.D.	Hanson	Langseth	Oliver	Samuelson
Benson, J.E.	Johnson, D.E.	Larson	Olson	Stevens
Berg	Johnston	Lesewski	Pariseau	Terwilliger
Day	Kiscaden	Lessard	Robertson	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 31 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 37 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Luther	Novak	Solon
Beckman	Hottinger	Marty	Pappas	Spear
Berglin	Janezich	Merriam	Piper	Stumpf
Bertram	Johnson, D.J.	Metzen	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Moe, R.D.	Price	Wiener
Chandler	Kelly	Mondale	Ranum	
Cohen	Krentz	Morse	Reichgott	
Finn	Kroening	Murphy	Riveness	

Those who voted in the negative were:

Adkins	Dille	Knutson	McGowan	Runbeck
Belanger	Frederickson	Laidig	Neuville	Sams
Benson, D.D.	Hanson	Langseth	Oliver	Samuelson
Benson, J.E.	Johnson, D.E.	Larson	Olson	Stevens
Berg	Johnston	Lesewski	Pariseau	Terwilliger
Day	Kiscaden	Lessard	Robertson	

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. 414: A bill for an act relating to transportation; providing procedures for design, approval, and construction of light rail transit; establishing corridor management committee; providing for resolution of disputes; changing membership and responsibilities of the light rail transit joint powers board; establishing an advisory council on metropolitan governance; amending Minnesota Statutes 1992, sections 174.32, subdivision 2; 473.167, subdivision 1; 473.373, subdivision 4a; 473.399, subdivision 1; 473.3993; 473.3994, subdivisions 2, 3, 4, 5, 7; and by adding subdivisions; 473.3996; 473.3997; 473.3998; 473.4051; proposing coding for new law in Minnesota Statutes, chapter 174; repealing Minnesota Statutes 1992, sections 473.399, subdivisions 2 and 3; 473.3991; 473.3994, subdivision 6; Laws 1991, chapter 291, article 4, section 20.

Senate File No. 414 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1993

CONCURRENCE AND REPASSAGE

Ms. Flynn moved that the Senate concur in the amendments by the House to S.F. No. 414 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 414: A bill for an act relating to transportation; providing procedures for design, approval, and construction of light rail transit; establishing corridor management committee; providing for resolution of disputes; changing membership and responsibilities of the light rail transit joint powers board; amending Minnesota Statutes 1992, sections 174.32, subdivision 2; 473.167, subdivision 1; 473.373, subdivision 4a; 473.399, subdivision 1; 473.3993; 473.3994, subdivisions 2, 3, 4, 5, 7, and by adding subdivisions; 473.3996; 473.3997; 473.3998; 473.4051; proposing coding for new law in Minnesota Statutes, chapter 174; repealing Minnesota Statutes 1992, sections 473.399, subdivisions 2 and 3; 473.3991; 473.3994, subdivision 6; Laws 1991, chapter 291, article 4, section 20.

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

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

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Mondale	Riveness
Anderson	Dille	Kroening	Morse	Robertson
Beckman	Finn	Laidig	Murphy	Runbeck
Belanger	Flynn	Langseth	Neuville	Sams
Benson, D.D.	Frederickson	Larson	Novak	Samuelson
Benson, J.E.	Hanson	Lesewski	Oliver	Solon
Berg	Hottinger	Lessard	Olson	Spear
Berglin	Johnson, D.E.	Luther	Pappas	Stevens
Bertram	Johnson, D.J.	Marty	Piper	Stumpf
Betzold	Johnson, J.B.	McGowan	Pogemiller	Terwilliger
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Knutson	Moe, R.D.	Reichgott	

Mrs. Pariseau voted in the negative.

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

MOTIONS AND RESOLUTIONS – CONTINUED

RECONSIDERATION

Mr. Metzen moved that the vote whereby H.F. No. 570 was passed by the Senate on May 17, 1993, be now reconsidered. The motion prevailed. So the vote was reconsidered.

H.F. No. 570: A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

Mr. Metzen moved that the amendment made to H.F. No. 570 by the Committee on Rules and Administration in the report adopted May 15, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 570 was read the third time 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	Dille	Knutson	Mondale	Runbeck
Anderson	Finn	Krentz	Morse	Sams
Beckman	Flynn	Kroening	Murphy	Samuelson
Belanger	Frederickson	Laidig	Neuville	Solon
Benson, D.D.	Hanson	Langseth	Oliver	Spear
Benson, J.E.	Hottinger	Larson	Olson	Stevens
Berg	Janezich	Lesewski	Pariseau	Stumpf
Berglin	Johnson, D.E.	Luther	Piper	Terwilliger
Bertram	Johnson, D.J.	Marty	Price	Vickerman
Betzold	Johnson, J.B.	McGowan	Ranum	Wiener
Chandler	Johnston	Merriam	Reichgott	
Cohen	Kelly	Metzen	Riveness	
Day	Kiscaden	Moe, R.D.	Robertson	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Pogemiller moved that H.F. No. 125 be taken from the table. The motion prevailed.

H.F. No. 125: A bill for an act relating to education; permitting independent school district No. 279, Osseo, to adopt an alternating eight-period schedule; exempting the district from certain statutory instructional time requirements through the 1995-1996 school year.

Mr. Pogemiller moved to amend the Pogemiller amendment to H.F. No. 125, adopted by the Senate May 15, 1993, as follows:

Page 4, after line 17, insert:

"Sec. 5. [CORRECTION 5; TRANSPORTATION AID.] Laws 1993, chapter 224, article 2, section 15, subdivision 2, if enacted, is amended to read:

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

$127,889,000 1994

$141,658,000 1995

The 1994 appropriation includes $18,327,000 for 1993 and ~~$108,706,000~~ *$109,562,000* for 1994.

The 1995 appropriation includes ~~$19,183,000~~ *$19,334,000* for 1994 and ~~$120,410,000~~ *$122,324,000* for 1995."

Renumber the sections in sequence and correct the internal references

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

Mr. Pogemiller then moved that H.F. No. 125 be laid on the table. The motion prevailed.

RECONSIDERATION

Mr. Luther moved that the vote whereby H.F. No. 1094 was passed by the

Senate on May 17, 1993, be now reconsidered. The motion prevailed. So the vote was reconsidered.

H.F. No. 1094: A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

Mr. Luther moved that H.F. No. 1094 be laid on the table. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Pappas moved that the following members be excused for a Conference Committee on H.F. No. 427 at 8:00 p.m.:

Ms. Pappas, Mr. Johnson, D.J.; Mses. Flynn, Reichgott and Mr. Belanger. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

S.F. No. 1368 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1368

A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1368, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from the Kahn and Hausman amendment labeled HDA-472, adopted by the House on May 15, 1993, and that the Senate concur in the Munger amendment labeled HDA-458, adopted by the House on May 15, 1993.

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

Senate Conferees: (Signed) Kevin M. Chandler, Gene Merriam, David L. Knutson

House Conferees: (Signed) Myron Orfield, Phyllis Kahn, Dennis Ozment

Mr. Chandler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1368 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. 1368 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	Finn	Laidig	Murphy	Sams
Anderson	Frederickson	Langseth	Neuville	Samuelson
Benson, D.D.	Hanson	Larson	Novak	Solon
Benson, J.E.	Hottinger	Lesewski	Oliver	Spear
Berg	Janezich	Lessard	Pariseau	Stevens
Berglin	Johnson, D.E.	Luther	Piper	Stumpf
Bertram	Johnson, J.B.	Marty	Pogemiller	Terwilliger
Betzold	Johnston	Merriam	Price	Vickerman
Chandler	Kiscaden	Metzen	Ranum	Wiener
Cohen	Knutson	Moe, R.D.	Reichgott	
Day	Krentz	Mondale	Riveness	
Dille	Kroening	Morse	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1650 be withdrawn from the Committee on Rules and Administration and placed at the top of General Orders. The motion prevailed.

Mr. Luther moved that his name be stricken as chief author and the name of Mr. Kroening be added as chief author to S.F. No. 1557. The motion prevailed.

Mr. Kroening moved that the names of Ms. Johnson, J.B.; Mr. Novak, Ms. Anderson and Mr. Moe, R.D. be added as co-authors to S.F. No. 1557. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1650 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1650: A bill for an act relating to data privacy; eliminating a classification of legislators' telephone records; requiring the attorney general to seek recovery of wrongfully paid taxpayer money for telephone charges; amending Laws 1989, chapter 335, article 1, section 15, subdivision 3.

Mr. Moe, R.D. moved to amend H.F. No. 1650, as amended pursuant to Rule 49, adopted by the Senate April 8, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 1557.)

Delete everything after the enacting clause and insert:

"Section 1. [COMMUNITY DEVELOPMENT; 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 article, to be available for the fiscal years indicated for each purpose. The figures "1993," "1994," and "1995," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	$ 541,000	$181,368,000	$158,594,000	$340,503,000
Environmental		434,000	434,000	868,000
Trunk Highway		667,000	667,000	1,334,000
Workers' Comp.		21,976,000	15,663,000	37,639,000
TOTAL	541,000	204,445,000	175,358,000	380,344,000

	APPROPRIATIONS Available for the Year Ending June 30		
	1993	1994	1995
Sec. 2. TRADE AND ECONOMIC DEVELOPMENT			
Subdivision 1. Total Appropriation	$ 500,000	$ 40,504,000	$ 24,461,000
Summary by Fund			
General	39,627,000	23,584,000	
Environmental	210,000	210,000	
Trunk Highway	667,000	667,000	

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Community Development

24,288,000 8,828,000

$50,000 is for the purposes of the youth entrepreneurship education program to be available until June 30, 1995. $30,000 is for a teacher training program. $20,000 is for creation of a resource center and revolving loan fund. This appropriation is only available as matched, dollar for dollar, by contributions from nonstate sources. Contributions may be made in kind.

$1,000,000 the first year is for transfer to the tourism loan account in the special revenue fund for the tourism loan program under Minnesota Statutes, section 116J.617.

$100,000 the first year and $100,000 the second year is for the affirmative enterprise program. The appropriation is available until expended.

$50,000 the first year and $50,000 the second year is for making grants and entering contracts under Minnesota Statutes, section 116J.982.

$25,000 the first year is for concentrated area action plans.

$6,000,000 the first year is for transfer to the revolving loan fund account in the special revenue fund for the urban chal-

lenge grant program under Minnesota Statutes, section 116M.18.

$6,000,000 the first year is for transfer to the regional revolving loan fund account in the special revenue fund for the challenge grant program to regional organizations under Minnesota Statutes, section 116N.08.

$5,517,000 the first year and $5,517,000 the second year are for economic recovery grants, of which $500,000 may be used for the purposes of the capital access program.

$226,000 the first year and $226,000 the second year are for the small cities federal match.

$500,000 the first year is for transfer to the capital access account in the special revenue fund for the capital access program under Minnesota Statutes, section 116J.876.

Subd. 3. Minnesota Trade Office

2,026,000 2,040,000

$105,000 the first year and $105,000 the second year are for the foreign international information network.

Subd. 4. Tourism

7,272,000 6,742,000

Summary by Fund

General	6,605,000	6,075,000
Trunk Highway	667,000	667,000

To develop maximum private sector involvement in tourism, $2,000,000 the first year and $2,000,000 the second year of the amounts appropriated for marketing activities are contingent upon receipt of an equal contribution of nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions. This appropriation may not be expended until the money is matched.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained

tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

Any unexpended funds from general fund appropriations made under this subdivision shall not cancel but shall be placed in a special advertising account for use by the office of tourism to purchase additional media.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

$30,000 the first year is for the international ringette tournament to be held in South St. Paul and Rosemount in 1994.

Up to $300,000 the first year is for promoting the women's final four basketball tournament to be held in 1995. This appropriation must be matched by nonstate sources on a one-to-one basis.

$200,000 is for tourism promotion and marketing.

$214,000 the first year and $214,000 the second year are for the Minnesota film board. This appropriation is available only upon receipt by the board of $1 in matching contributions of money or in-kind from nonstate sources for every $3 provided by this appropriation.

$25,000 each year is for the Lake Superior Center Authority.

Of the amount appropriated for the joint venture program, up to $30,000 the first year and up to $30,000 the second year are available to the Minnesota Indian tourism association. This appropriation must be matched by nonstate sources on a one-to-one basis.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the joint venture grant program.

The office of tourism shall: (1) analyze what travel offices of the 50 states and selected foreign governments are doing to promote tourism, including but not lim-

ited to organizational structure, funding sources, and marketing programs; and (2) rank Minnesota's position among the states and countries studied. The office, in consultation with representatives of Minnesota's tourism industry, shall report to the legislature and the governor by January 1, 1994. The report must recommend options for improving the state's competitive position in the industry. The recommendations should deal with assignment of responsibility within state government, funding options for the office of tourism, changes in state law that would enhance tourism, and the creation of a statewide tourism policy.

The commissioner of revenue may disclose the name, address, and phone number of a travel or tourism related business that is authorized to collect sales and use tax to the office of tourism within the department of trade and economic development to be used only within the office of tourism for purposes of contacting travel or tourism related businesses.

Subd. 5. Business Development and Analysis

	500,000	5,157,000	5,077,000
	Summary by Fund		
General	500,000	4,947,000	4,867,000
Environmental		210,000	210,000

$200,000 the first year and $200,000 the second year are for grants to Advantage Minnesota, Inc. The funds are available only if matched on at least a dollar-for-dollar basis from other sources. The commissioner may release the funds only upon:

(1) certification that matching funds from each participating organization are available; and

(2) review and approval by the commissioner of the proposed operations plan of Advantage Minnesota, Inc. for the biennium.

$450,000 the first year and $450,000 the second year are for the state's match for the federal small business development

centers. If funding in one year is insufficient, the other year's appropriation is available.

$1,088,000 each year is for job skills partnership grants.

$190,000 the first year and $190,000 the second year are for WomenVenture, Inc.

$65,000 the first year and $65,000 the second year are for Metropolitan Economic Development Associations, Inc.

$500,000 in fiscal year 1993 is for job skills partnership grants.

$25,000 in fiscal year 1994 and $25,000 in fiscal year 1995 are for a grant to the North Metro Business Retention and Development Commission for the second and third stages of the multicommunity business retention and market expansion pilot project. This appropriation is available only upon demonstration of a dollar-for-dollar cash match from the commission. The commission shall share all results and written reports with the department of trade and economic development.

Subd. 6. Administration

1,761,000 1,774,000

Sec. 3. MINNESOTA TECHNOLOGY, INCORPORATED 7,832,000 7,834,000

$5,198,000 the first year and $5,198,000 the second year are for transfer from the general fund to the Minnesota Technology, Inc. fund.

$494,000 the first year and $ 494,000 the second year are for grants to Minnesota Project Innovation.

$947,000 the first year and $947,000 the second year are for grants to Minnesota Project Outreach.

$71,000 the first year and $71,000 the second year are for grants to Minnesota Inventors Congress.

$947,000 the first year and $947,000 the second year are for grants to Natural Resources Research Institute.

$88,000 the first year and $88,000 the second year are for grants to Minnesota Council for Quality.

$50,000 the first year and $50,000 the second year are for grants to Minnesota High Tech Corridor Corporation.

$75,000 the first year and $75,000 the second year are for grants to Cold Weather Research Center.

Sec. 4. MINNESOTA WORLD TRADE CENTER CORPORATION 200,000

This appropriation is to pay the accrued operating costs and debt services, including principal and interest, of the corporation. This appropriation in no way constitutes a commitment or obligation by the state of Minnesota to make any payments on obligations of the corporation outstanding as of July 1, 1993. This section is intended to make it clear that the state of Minnesota is not and never has been nor will be responsible for the obligations of the corporation.

This appropriation and money in the corporation accounts are the only money available to the board to make any payment of an obligation of the corporation.

This appropriation is available until June 30, 1995. Balances in the world trade center corporation account in the special revenue fund on June 30, 1995, shall be transferred to the general fund.

Sec. 5. JOBS AND TRAINING 48,879,000 46,895,000

Subdivision 1. Rehabilitation Services

17,612,000 17,612,000

Of this appropriation, $100,000 in each year is for a cost-of-living adjustment in the Extended Employment Services program in order to maintain the current caseload to the extent possible within this appropriation.

For the biennium ending June 30, 1995, at least 38 percent of the vocational rehabilitation activity budget must be directed toward grants, which are budgeted as aid to individuals and local assistance categories of expense.

The commissioner shall apply for all available federal grants for services to handicapped including funds for the independent living center.

Subd. 2. State Services for the Blind

3,588,000 3,605,000

This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

Subd. 3. Job Service

$100,000 is appropriated to the commissioner of jobs and training for the biennium ending June 30, 1995, for the uniform business identifier study.

Subd. 4. Community Services

27,579,000 25,678,000

$880,000 is appropriated from the general fund to the commissioner of jobs and training for operating costs of transitional housing programs under Minnesota Statutes, section 268.38. Of this appropriation, $440,000 is for the first year and $440,000 is for the second year.

$4,200,000 for the first year and $5,550,000 for the second year is appropriated from the general fund to the commissioner of the department of jobs and training for Minnesota economic opportunity grants to community action agencies. This appropriation is to replace federal funds that are no longer available to community action agencies because of new federal restrictions on the authority to transfer block grant money from the federal Low-Income Home Energy Assistance program to the federal Community Services Block grant.

For the biennium ending June 30, 1995, the commissioner shall transfer to the low-income home weatherization program at least five percent of money received under the low-income home

energy assistance block grant in each year of the biennium and shall spend all of the transferred money during the year of the transfer or the year following the transfer. Up to 1.63 percent of the transferred money may be used by the commissioner for administrative purposes.

For the biennium ending June 30, 1995, no more than 1.63 percent of money remaining under the low-income home energy assistance program after transfers to the weatherization program may be used by the commissioner for administrative purposes.

The state appropriation for the temporary emergency food assistance program may be used to meet the federal match requirements.

Of the money appropriated for the summer youth employment programs for fiscal year 1994, $750,000 is immediately available. Any remaining balance of the immediately available money is available for the year in which it is appropriated. If the appropriation for either year of the biennium is insufficient, money may be transferred from the appropriation for the other year.

Notwithstanding Minnesota Statutes, section 268.022, subdivision 2, the commissioner of finance shall transfer to the general fund from the dedicated fund $3,054,000 in the first year and $2,303,000 in the second year of the money collected through the special assessment established in Minnesota Statutes, section 268.022, subdivision 1.

Of this appropriation, $5,554,000 the first year and $2,303,000 the second year are for summer youth employment programs.

Of this appropriation, $100,000 is to train and certify community action agency weatherization programs to comply with the requirements of Minnesota Statutes, section 144.878, subdivision 5. Of this appropriation, $400,000 is to be used for swab teams with priority to be given to those swab teams in greater Minnesota which are affiliated with community action agencies and to those swab teams in cities of the first class which are affiliated

with community action agencies or neighborhood-based nonprofit organizations. 3.75 percent of the allocation may be used for administrative costs. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Of this appropriation, $1,200,000 is for the food shelf program.

Of this appropriation, $400,000 is for youth employment and for housing for the homeless through the YOUTHBUILD program.

Of the appropriation for the Minnesota economic opportunity grant, the commissioner may use up to nine percent each year for state operations.

Of the appropriation for Head Start, the commissioner of the department of jobs and training may use up to two percent each year for state operations.

Sec. 6. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation	21,282,000	17,532,000

This appropriation is for transfer to the housing development fund for the programs specified.

Any state appropriations used to meet match requirements under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, 104 Stat. 4079, must be repaid, to the extent required by federal law, to the HOME Investment Trust Fund established by the department of housing and urban development pursuant to Title II of the National Affordable Housing Act of 1990 for the state of Minnesota or for the appropriate participating jurisdiction.

State appropriations to the Minnesota housing finance agency may be granted by the agency to cities or nonprofit organizations to the extent necessary to meet match requirements under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, 104 Stat. 4079, provided that other program requirements are met.

Spending limit on cost of general administration of agency programs:

1994	1995
8,990,000	9,305,000

$1,250,000 the first year and $1,250,000 the second year are for a rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.21, subdivision 8c. This appropriation includes $50,000 in each year for the mental illness crisis housing assistance account.

$250,000 the first year and $250,000 the second year are for the home sharing program under Minnesota Statutes, section 462A.05, subdivision 24.

$3,443,000 the first year and $3,493,000 the second year are for the affordable rental investment fund program. Affordable rental investment assistance includes loans, credit enhancement, and coinsurance participation.

$550,000 the first year and $550,000 the second year are for the acquisition, rehabilitation, or construction of transitional housing units.

$2,000,000 the first year and $2,000,000 the second year are for the community rehabilitation fund program.

$100,000 the first year and $100,000 the second year are for the capacity building grant program under Minnesota Statutes, section 462A.21, subdivision 3b.

$187,000 the first year and $187,000 the second year are for the urban Indian housing program under Minnesota Statutes, section 462A.07, subdivision 15.

$1,683,000 the first year and $1,683,000 the second year are for the tribal Indian housing program under Minnesota Statutes, section 462A.07, subdivision 14.

$186,000 the first year and $186,000 the second year are for the Minnesota rural and urban homesteading program under Minnesota Statutes, section 462A.057.

The agency may use up to $1,000,000 of available resources for the purpose of making loans under the Minnesota rural and urban homesteading program established under Minnesota Statutes, section 462A.057, subdivision 1. The commissioner shall report to the relevant finance divisions in the house of representatives and senate on the outcomes of this program January 15 of each year.

$4,287,000 the first year and $4,287,000 the second year are for the housing rehabilitation and accessibility program under Minnesota Statutes, section 462A.05, subdivision 14a.

Of this appropriation, $1,798,000 the first year and $1,798,000 the second year are for the Housing Trust Fund to be deposited in the housing trust fund account created under Minnesota Statutes, section 462A.201, and used for the purposes provided in that section.

$1,500,000 the first year and $1,500,000 the second year are for the rent assistance for family stabilization program under Minnesota Statutes, section 462A.205.

$40,000 the first year and $40,000 the second year are for a grant to the Minnesota Housing Partnership to be used for grants to the regional housing network organizations that provide housing and homeless prevention information and assistance in greater Minnesota. The regional housing network organizations must use any grant funds received under this section to match private sources of money.

Of this appropriation, $3,750,000 is for family homeless prevention and assistance program.

Of this appropriation, $183,000 each year is for the emergency mortgage foreclosure prevention and emergency rental assistance program.

Of this appropriation, $25,000 each year is for home equity counseling grants.

Of this appropriation, $50,000 is for a grant to the Northwest Hennepin Human Services Council for a human services

enterprise zone demonstration project for coordinated delivery of social services. The pilot project must design a program to:

(1) establish a zone by setting service delivery boundaries;

(2) assess barriers to coordinated delivery of housing assistance, health services, family services, and related human service assistance;

(3) develop methods to simplify service delivery and encourage collaboration among service providers;

(4) develop cooperative service agreements between agencies and units of government, including municipal, county, state, and federal government units and agencies, school districts, post-secondary education institutions, and other service providers including representatives of organized labor;

(5) seek waivers of regulations that are barriers to cooperation; and

(6) evaluate the human service enterprise zone to determine how it may be adapted to serve as a model for the delivery of human services.

By February 1, 1994, the grantee shall prepare an interim report for the agency with findings and recommendations on program design. The agency shall report to the legislature by December 1, 1995, on the implementation of the demonstration project to develop a model human services enterprise zone.

Sec. 7. COMMERCE

Subdivision 1. Total Appropriation	14,418,000	14,438,000
Summary by Fund		
General	13,867,000	13,886,000
Environmental	224,000	224,000
Special Revenue	327,000	328,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations

5,954,000	6,089,000

Subd. 3. Registration and Analysis

2,661,000 2,523,000

Subd. 4. Petroleum Tank Release Cleanup Board

224,000 224,000

This appropriation is from the petroleum tank release cleanup account in the environmental fund for administration.

Subd. 5. Administrative Services

2,139,000 2,173,000

Subd. 6. Enforcement and Licensing

3,440,000 3,429,000

Summary by Fund

General	3,113,000	3,101,000
Special Revenue	327,000	328,000

$327,000 the first year and $328,000 the second year are from the real estate education, research, and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

Sec. 8. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	1,247,000	1,232,000
Subd. 2. Board of Accountancy	466,000	474,000
Subd. 3. Board of Architecture, Engineering, Land Surveying, Landscape Architecture, and Interior Design	591,000	568,000
Subd. 4. Board of Barber Examiners	126,000	126,000
Subd. 5. Board of Boxing	64,000	64,000

Sec. 9. LABOR AND INDUSTRY

Subdivision 1. Total Appropriation	26,024,000	19,710,000

Summary by Fund

General	4,048,000	4,047,000
Workers' Compensation	21,976,000	15,663,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Workers' Compensation Regulation and Enforcement

14,961,000 9,410,000

Summary by Fund

General	100,000	100,000
Workers' Comp.	14,861,000	9,310,000

$5,000,000 the first year from the special compensation fund is for the Daedalus imaging systems project. This appropriation must not be allotted until the commissioner certifies that all information policy office requirements for this project have been met or will be met. This appropriation is available for either year of the biennium.

$100,000 in the first year and $100,000 in the second year are for grants to the Vinland Center for rehabilitation service.

Fee receipts collected as a result of providing direct computer access to public workers' compensation data on file with the commissioner must be credited to the general fund.

Subd. 3. Workplace Services

5,455,000 4,744,000

Summary by Fund

General	2,704,000	2,703,000
Workers' Comp.	2,751,000	2,041,000

This appropriation includes the transfer of the industrial hygiene activity from the department of health. The appropriation for this activity is from the special compensation fund.

$710,000 the first year from the special compensation fund is for litigation of alleged ergonomic violations cases under the occupational safety and health act (OSHA). This appropriation is available for either year of the biennium.

Subd. 4. General Support

5,608,000 5,556,000

Summary by Fund

General	1,244,000	1,244,000
Workers' Compensation	4,364,000	4,312,000

$204,000 the first year and $204,000 the second year are for labor education and advancement program grants.

Sec. 10. PUBLIC UTILITIES COMMISSION 41,000 3,371,000 3,071,000

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, for any certificate of need application for expansion of the storage capacity for spent nuclear fuel rods, the commission and department shall assess actual amounts billed by the office of administrative hearings and up to $300,000 of reasonable costs of the commission and department pursuant to Minnesota Statutes, section 216B.62, subdivision 6, during the biennium, subject to the limitations of Minnesota Statutes, section 216B.62, subdivision 2.

$282,000 the first year and $35,000 the second year are for an electronic storage and retrieval system. This appropriation must not be allotted until the chair of the commission certifies that all information policy office requirements for this project have been met or will be met. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$30,000 the first year is for transfer to the extended area service balloting account in the special revenue fund.

$41,000 of this appropriation is added to the appropriation in Laws 1991, chapter 233, section 10, and is for extended area service balloting costs.

Sec. 11. PUBLIC SERVICE

Subdivision 1. Total Appropriation 9,090,000 8,950,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Telecommunications

730,000 752,000

Subd. 3. Weights and Measures

2,948,000 2,845,000

Subd. 4. Information and Operations Management

1,540,000 1,440,000

$84,000 the first year is for an electronic imaging system. This appropriation must not be allotted until the commissioner certifies that all of the information policy office requirements for this project have been met or will be met. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 5. Energy

3,872,000 3,913,000

$588,000 the first year and $588,000 the second year are for transfer to the energy and conservation account established in Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of jobs and training to improve the energy efficiency of residential oil-fired heating plants in low-income households, and when necessary, to provide weatherization services to the homes.

$220,000 the first year and $220,000 the second year are for transfer to the energy and conservation account established by Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of jobs and training to improve the energy efficiency of residential liquified petroleum gas heating equipment in low-income households, and, when necessary, to provide weatherization services to the homes.

Of this appropriation, $284,000 in the first year and $326,000 in the second year are for alternative energy engineering activities. In employing persons to perform these activities, the department shall first offer any positions to persons previously employed by the department of public service during fiscal year 1993 in that capacity. No part of this appropriation may be used for outside consulting.

Subd. 6. Rental Energy Loan and Rebate Program Appropriation

All money, including interest and loan repayments, remaining from the Exxon Oil overcharge money appropriated to the commissioner of public service by Laws 1988, chapter 686, article 1, section 38, that was allocated to the Minnesota housing finance agency is reappropriated to the commissioner for the purposes of this subdivision and is available until spent.

$1,600,000 is for a contract with an appropriate nonprofit organization, without public bidding, to provide revolving loan funds for a rental energy loan program in metropolitan counties as defined in Minnesota Statutes, section 473.121, subdivision 4. The program is to be marketed and delivered in coordination with other energy services.

The balance is for any purpose consistent with the state energy conservation program.

Sec. 12. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. Total Appropriation	18,200,000	17,996,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available appropriations. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.

Subd. 2. Public Programs and Operations	11,188,000	11,188,000
Subd. 3. Statewide Outreach	597,000	557,000

$48,000 the first year and $48,000 the second year are for historic site grants to encourage local historic preservation projects.

$27,000 the first year and $27,000 the second year are for the state archaeology function.

$40,000 is for grant-in-aid purposes of the St. Anthony Falls Heritage Board in accordance with Minnesota Statutes, section 138.763. Grants may be made for public improvements to assist and provide information to the public and construct historic markers and monuments. The matching requirements for the grants may be established by the St. Anthony Falls Heritage Board.

Subd. 4. Repair and Replacement	430,000	430,000
Subd. 5. Physical Plant	5,559,000	5,568,000
Subd. 6. Fiscal Agent	426,000	253,000

(a) Sibley House Association

88,000 88,000

This appropriation is available for operation and maintenance of the Sibley house and related buildings on the Old Mendota state historic site owned by the Sibley house association.

(b) Minnesota International Center

50,000 50,000

(c) Minnesota Military Museum

29,000

(d) Minnesota Air National Guard Museum

19,000

(e) Institute for Learning and Teaching

90,000 90,000

This appropriation is for Project 120.

(f) Moose Lake Fire and Heritage Museum

25,000

This appropriation is for a grant to the Carlton county historical society to be used by the Onanegozie resource conservation and development council for the development of the Moose Lake Fire and Heritage Museum. This appropriation may not be spent unless it is matched by an equal amount from local sources. The legislature intends that no further direct

appropriation will be made for this purpose.

(g) Cloquet-Moose Lake Forest Fire Center

50,000

(h) Nurse Statue

50,000

This appropriation is for a grant to the Marine Corps Coordinating Council for the nurse statue to be located in the atrium of the Veterans Affairs Medical Center in Minneapolis. This appropriation is available until June 30, 1995.

(i) Farmamerica

25,000 25,000

Notwithstanding any other law, this appropriation may be used for operational purposes.

(j) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 13. MINNESOTA HUMANITIES COMMISSION	261,000	261,000

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 14. BOARD OF THE ARTS

Subdivision 1. Total Appropriation	6,254,000	6,254,000

Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.

Subd. 2. Operations and Services	669,000	669,000
Subd. 3. Grants Program	4,295,000	4,295,000
Subd. 4. Regional Arts Councils	1,290,000	1,290,000
Sec. 15. MINNESOTA MUNICIPAL BOARD	319,000	280,000

Any unencumbered balance remaining in

the first year does not cancel but is available for the second year.

Sec. 16. UNIFORM LAWS COMMISSION	25,000	25,000
Sec. 17. COUNCIL ON BLACK MINNESOTANS	226,000	225,000

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

Sec. 18. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	249,000	248,000

During the biennium ending June 30, 1995, council publications may contain advertising. Receipts from advertising are appropriated to the council for purposes of council publications.

For the biennium ending June 30, 1995, the council shall report to the legislature on the revenues and expenditures from advertising by February 15 each year.

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

By November 15, 1993, the council shall submit a financially related audit to the legislature for the most recent two years and a study of the internal control structure performed by an independent accountant licensed by the state of Minnesota.

Sec. 19. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	201,000	200,000

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

Sec. 20. INDIAN AFFAIRS COUNCIL	473,000	457,000

For the biennium ending June 30, 1995, federal money received for the Indian affairs council is appropriated to the council and added to this appropriation.

Of this appropriation, $6,000 the first year and $5,000 the second year are for

transfer to the Ombudsperson for families.

Of this appropriation, $15,000 in the first year is for planning the development of culturally appropriate legal services to indigent clients or tribal representatives who reside in Hennepin county and are involved in a case governed by the Indian Child Welfare Act, United States Code, title 25, section 1901, et seq., or the Minnesota Indian family preservation act, Minnesota Statutes 1992, sections 257.35 to 257.3579. This appropriation is available until expended.

Sec. 21. SECRETARY OF STATE

Subdivision 1. Total Appropriation 5,283,000 5,188,000

The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.

Subd. 2. Administration

804,000 804,000

Subd. 3. Operations

4,046,000 3,964,000

Subd. 4. Election Administration

433,000 420,000

Sec. 22. ETHICAL PRACTICES BOARD 434,000 429,000

Sec. 23. [TRANSFERS.]

Subdivision 1. [GENERAL PROCEDURE.] *If the appropriation in this act to an agency in the executive branch is specified by program, the agency may transfer unencumbered balances among the programs specified in that section after getting the approval of the commissioner of finance. The commissioner shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the committee on ways and means of the house of representatives. If the appropriation in this act to an agency in the executive branch is specified by activity, the agency may transfer unencumbered balances among the activities specified in that section using the same procedure as for transfers among programs.*

Subd. 2. [CONSTITUTIONAL OFFICERS.] *A constitutional officer need not get the approval of the commissioner of finance but must notify the committee on finance of the senate and the committee on ways and means of the house of representatives before making a transfer under subdivision 1.*

Subd. 3. [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. 24. [BASE CUT TRANSFERS.]

For any agency assigned base cuts in this act, the proportion of agency base cuts for pass-through grants compared to total agency base cuts may not exceed the proportion of dollars appropriated for pass-through grants in the agency compared to total dollars appropriated to that agency.

Sec. 25. [LABOR INTERPRETIVE CENTER; INITIAL BOARD OF DIRECTORS.]

Of the initial appointments to the labor interpretive center board, two members appointed by the governor and the member appointed by the mayor of St. Paul must have two-year initial terms. The initial board of directors must be appointed no later than August 1, 1993.

Sec. 26. [LABOR INTERPRETIVE CENTER; TRANSFER OF APPROPRIATIONS.]

Subdivision 1. [UNENCUMBERED BALANCE.] *The unencumbered balance of the appropriation for the labor interpretive center project transferred to the capitol area architectural and planning board in Laws 1991, chapter 345, is transferred to the labor interpretive center account.*

Subd. 2. [PROJECT AUTHORIZED BY 1990 LEGISLATURE.] *The appropriation in Laws 1990, chapter 610, article 1, section 16, subdivision 4, is transferred to the labor interpretive center account.*

Sec. 27. [TRANSFER OF POWERS.]

The powers and duties of the board of abstracters under Minnesota Statutes, sections 386.61 to 386.76 are transferred to the commissioner of commerce. Minnesota Statutes, section 15.039, subdivisions 1 to 6, apply to this transfer.

Sec. 28. [REVISOR INSTRUCTION.]

The revisor shall change the terms "board," "executive secretary," "board of abstracters," or similar terms to "commissioner," "commissioner of commerce," or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules with respect to the board of abstracters.

Sec. 29. [CONCENTRATED RESIDENTIAL AREA ACTION PLANS; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to section 30.*

Subd. 2. [CITY.] *"City" means a home rule charter or statutory city having no less than 30 percent of its households in renter-occupied residential units as reported in the latest decennial federal census.*

Subd. 3. [COMMISSIONER.] *"Commissioner" means the commissioner of trade and economic development.*

Subd. 4. [CONCENTRATED RESIDENTIAL AREA.] *"Concentrated residential area" means an area of a city that contains the following:*

(1) 50 percent of the residential units in the area are renter occupied;

(2) not less than half of the residential buildings in the area were built prior to 1970;

(3) at least 20 percent of the city's population according to the latest decennial federal census lives in the area;

(4) at least three percent of the city's land area is contained in the area; and

(5) the median household income for the area is not more than 80 percent of the county median income.

Sec. 30. [CONCENTRATED RESIDENTIAL AREA ACTION PLAN.]

Subdivision 1. [CRITERIA.] *For a concentrated residential area a city, with the assistance provided in this section, shall prepare a plan that at a minimum includes the following:*

(1) the demographic and socioeconomic profile of the area's population and a statement of the social needs of the area's residents;

(2) the condition of private owner-occupied and renter-occupied buildings;

(3) the vacancy rate and turnover rate of the rental residential buildings;

(4) the presence of and condition of the area's public facilities;

(5) the redevelopment objectives of the city for the area;

(6) the specific activities or means by which the city could implement the revitalization objectives;

(7) strategies to preserve existing housing;

(8) strategies to assist low- and moderate-income households to achieve self-sufficiency and meet their identified social needs;

(9) recommendations to the commissioner to facilitate the preservation, reuse, and rehabilitation of the area's housing stock and to increase the self-sufficiency of the area's residents; and

(10) identification of the process that involved the area's residents in the development of the plan.

Subd. 2. [GRANTS.] *The commissioner may make grants to cities to complete a concentrated residential neighborhood action plan. The state funds for each grant must be equally matched by city matching money. Matching money may include money from the city general fund, a special fund, grant, or other source.*

Subd. 3. [REPORT.] *The commissioner shall submit recommendations related to concentrated residential area action plans to the legislature by February 15, 1994.*

Sec. 31. [UNIFORM BUSINESS IDENTIFIER STUDY.]

Subdivision 1. [FINDINGS.] *The current registration process requires each business to deal with multiple agencies, provide redundant information to each and, in general, creates an undue administrative burden on Minnesota businesses. Each agency also produces data that is not easily transferred among state agencies, which in turn results in businesses being asked for the same information from a number of different agencies. The establishment of a uniform process would reduce the burden on businesses and promote the*

sharing of information among the state agencies, thereby eliminating the costs and burdens of duplicative information gathering and storage.

Subd. 2. [STUDY.] *The commissioner of jobs and training shall study the feasibility of establishing a uniform business identifier process for all firms doing business with and within the state.*

The proposed study shall:

(1) identify and document the various requirements with which businesses currently must comply in order to legally conduct business within the state;

(2) propose and analyze alternatives for a uniform process of business registration, including a single statewide account number, a unified application form, and an integrated data processing system or systems;

(3) detail the operational impact of installing the process or system;

(4) estimate the costs and benefits, both for the state and for Minnesota businesses, of installing the process;

(5) prepare an estimated implementation timetable;

(6) recommend the structure and composition of the project needed for implementation; and

(7) recommend and analyze the information system technology alternatives, if any, that will be needed to implement the recommended process.

The commissioner of the department of jobs and training, or a designee, shall be the chair of the study and shall provide staff to assist in the study effort. Those state offices, departments, and agencies that interact with Minnesota businesses including, but not limited to, department of jobs and training, secretary of state, department of revenue, department of labor and industry, department of commerce, and the information policy office of the department of administration shall cooperate in this study.

Sec. 32. [WORLD TRADE CENTER CORPORATION BOARD; TERMS.]

The terms of the following members of the world trade center corporation board of directors expire on June 30, 1993: (1) legislator members; and (2) members serving on June 30, 1993, who were appointed by the governor for a six-year term.

Sec. 33. [WORLD TRADE CENTER; MEDICAL EXPOSITION.]

The $500,000 appropriation to the department of trade and economic development for transfer to the World Trade Center Corporation made by Laws 1991, chapter 345, article 1, section 23, is to establish an annual medical exposition, trade fair, and health care congress to commence either in 1993 or 1994. The event need not be coordinated and held in conjunction with the World Health Organization's annual international conference on children's health care to commence in Minnesota in 1993.

Sec. 34. [LIMIT ON ASSESSMENTS.]

The department of public service may not assess more than $584,000 in fiscal year 1994 and $626,000 in fiscal year 1995 for alternative energy engineering activities.

Sec. 35. Minnesota Statutes 1992, section 3.30, subdivision 2, as amended by Laws 1993, chapter 4, section 2, is amended to read:

Subd. 2. [MEMBERS; DUTIES.] The majority leader of the senate or a designee, the chair of the senate committee on finance, and the chair of the senate division of finance responsible for overseeing the items being considered by the commission, the speaker of the house of representatives or a designee, the chair of the house committee on ways and means, and the chair of the *appropriate* finance *committee, or* division of the house committee responsible for overseeing the items being considered by the commissioner, constitute the legislative advisory commission. The division chair of the finance committee in the senate and the division chair of the *appropriate* finance *committee or* division in the house shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house rules committee, and by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of finance shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of finance shall transmit, under section 3.195, a report to the next legislature of all actions of the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item~~, except that a recommendation under section 298.2213, subdivision 4, or 298.296, subdivision 1, need only be signed by a majority of the members entitled to vote on the item~~.

Sec. 36. Minnesota Statutes 1992, section 15.38, is amended by adding a subdivision to read:

Subd. 9. [SIBLEY HOUSE.] *The Sibley House association may purchase fire, wind, hail, and vandalism insurance and insurance coverage for fine art objects from state appropriations.*

Sec. 37. Minnesota Statutes 1992, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, ~~herein~~ called the area *in this subdivision,* which ~~shall initially consist~~ *consists* of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeast-

erly to the centerline of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the centerline of Summit Avenue to the ~~south line of the right-of-way of the Fifth Street ramp, thence southeasterly along the right-of-way of the Fifth Street ramp to the~~ *center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the* east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Street, thence easterly along the south line of Eleventh Street to the west line of Cedar Street, thence southeasterly along the west line of Cedar Street to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. *If construction of the labor interpretive center does not commence prior to December 31, 1996, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.* ~~Pursuant to~~ *Under* the comprehensive plan, or ~~any~~ *a* portion ~~thereof~~ *of it*, the board may regulate, by means of zoning rules adopted ~~pursuant to~~ *under* the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person ~~shall~~ *may* undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when ~~they request~~ *it requests* reports for ~~their~~ *its* planning purpose.

(c) No public building, street, parking lot, or monument, or other construction ~~shall~~ *may* be built or altered on any public lands within the area unless the plans for the ~~same conforms~~ *project conform* to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans

as specified in clause (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan ~~shall~~ *must* show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas and open spaces; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement ~~shall~~ *may* be made to public lands or buildings in the area save with the written approval of the board.

(e) The board shall secure by competitions~~,~~ plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition~~, which~~ *that* may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. ~~Such~~ *A* competition ~~shall~~ *must* be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected ~~shall~~ become the property of the state of Minnesota, and the board may award one or more premiums in each such competition and may pay ~~such~~ *the* costs and fees ~~as~~ *that* may be required for ~~the~~ *its* conduct ~~thereof~~. At the option of the board, plans for projects estimated to cost less than $1,000,000 may be approved without competition provided ~~such~~ *the* plans have been considered by the advisory committee described in ~~clause~~ *paragraph* (f). Plans for projects estimated to cost less than $400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) The board ~~shall~~ *may* not adopt any plan under ~~clause~~ *paragraph* (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee ~~shall~~ *may* not be contestants under clause (e). The comments and criticism ~~shall~~ *must* be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose~~:~~,

~~(1)~~ the committee ~~shall~~ *must* be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the ~~same~~ *data* are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area~~.~~, *and* a copy of any ~~such~~ data prepared by any public employee or agency ~~shall~~ *must* be filed with the board promptly upon completion~~;~~.

~~(2)~~ The board may employ ~~such~~ stenographic or technical help ~~as~~ *that* may be reasonable to assist the committee to perform its duties~~;~~.

~~(3)~~ When so directed by the board, the committee may serve as, and any member or members ~~thereof~~ *of the committee* may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee~~; and~~.

~~(4)~~ The city of Saint Paul shall advise the board.

(g) The comprehensive plan for the area ~~shall~~ *must* be developed and maintained in close cooperation with the commissioner of trade and economic development ~~and~~, the planning department and the council for the city of Saint Paul, and the board of the arts, and no ~~such~~ plan or amendment ~~thereof shall~~ *of a plan may* be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. ~~Pursuant to this power,~~ The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed ~~as herein provided shall be~~ *under this paragraph are* binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 ~~shall~~ *do* not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it ~~shall~~ *may* also ~~have the power to~~ acquire an interest less than a fee simple interest in the property, if it finds that ~~it~~ *the property* is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and ~~acts amendatory thereof~~ *amendments to it*.

(l) The board shall meet at the call of the chair and at such other times as it may prescribe.

(m) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which ~~such~~ *a* part ~~as~~ *that* the commissioner of administration and commissioner of veterans affairs may mutually determine ~~shall~~ *must* be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes

available, to ~~such~~ other state departments and agencies as the commissioner may deem desirable.

Sec. 38. Minnesota Statutes 1992, section 16A.128, subdivision 2, is amended to read:

Subd. 2. [NO RULEMAKING.] The kinds of fees that need not be fixed by rule unless specifically required by law are:

(1) fees based on actual direct costs of a service;

(2) one-time fees;

(3) fees that produce insignificant revenues;

(4) fees billed within or between state agencies;

(5) fees exempt from commissioner approval; ~~or~~

(6) fees for admissions to or use of facilities operated by the iron range resources and rehabilitation board, if the fees are set according to prevailing market conditions to recover operating costs; *or*

(7) fees established by the Minnesota historical society.

Sec. 39. Minnesota Statutes 1992, section 16A.28, is amended by adding a subdivision to read:

Subd. 6. [EXCEPTIONS.] *Except as provided by law, an appropriation made to the Minnesota historical society, if not spent during the first year, may be spent during the second year of a biennium. An unexpended balance remaining at the end of a biennium lapses and shall be returned to the fund from which appropriated. An appropriation made to the society for all or part of a biennium may be spent in either year of the biennium.*

Sec. 40. Minnesota Statutes 1992, section 16A.72, is amended to read:

16A.72 [INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.]

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

(1) federal aid;

(2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;

(3) income to the University of Minnesota;

(4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;

(7) money received in payment for services of inmate labor employed in the

industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;

(8) as provided in sections 16B.57 and 85.22; ~~or~~

(9) *income to the Minnesota historical society; or*

(10) as otherwise provided by law.

Sec. 41. Minnesota Statutes 1992, section 16B.06, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] The requirements of subdivision 2 do not apply to state contracts distributing state or federal funds pursuant to the federal Economic Dislocation and Worker Adjustment Assistance Act, United States Code, title 29, section 1651 et seq., *or sections 268.9771, 268.978, 268.9781, and 268.9782*. For these contracts, the commissioner of jobs and training is authorized to directly enter into state contracts with approval of the governor's job training council and encumber available funds to ensure a rapid response to the needs of dislocated workers. The commissioner shall adopt internal procedures to administer and monitor funds distributed under these contracts.

Sec. 42. Minnesota Statutes 1992, section 44A.01, subdivision 2, is amended to read:

Subd. 2. [BOARD MEMBERSHIP.] ~~(a)~~ The corporation is governed by a board of directors consisting of:

(1) ~~six~~ *four* members, representing the international business community, elected to six-year terms by the association of members established under section 4, subdivision 2, clause (5);

(2) ~~three~~ *four* members, *representing the international business community,* appointed by the governor, ~~with the advice and consent of the senate,~~ to ~~six-year terms~~ *serve at the governor's pleasure*; ~~and~~

(3) ~~six legislators appointed under paragraph (b)~~ *the mayor of St. Paul or the mayor's designee; and*

(4) the commissioners of trade and economic development, agriculture, and commerce.

Members appointed by the governor must be knowledgeable or experienced in international trade in products or services.

~~(b) Legislator members are three members of the senate appointed under the rules of the senate and three members of the house of representatives appointed by the speaker. One member from each house must be appointed from the minority party of that house. Except for the initial members, who are to be appointed following enactment, they are appointed at the beginning of each regular session of the legislature for two-year terms. A legislator who remains a member of the body from which the legislator was appointed may serve until a successor is appointed and qualifies. A vacancy in a legislator member's term is filled for the unexpired portion of the term in the same manner as the original appointment.~~

Sec. 43. Minnesota Statutes 1992, section 44A.01, subdivision 4, is amended to read:

Subd. 4. [ORGANIZATION.] The board shall elect a chair *from the representatives of the international business community appointed by the governor,* and an executive committee from its members.

Sec. 44. Minnesota Statutes 1992, section 44A.025, is amended to read:

44A.025 [DUTIES.]

The board shall:

(1) promote and market the Minnesota world trade center;

(2) sponsor conferences or other promotional events in the conference and service center;

(3) adopt bylaws governing operation of the corporation by November 1, 1987;

(4) ~~establish a Minnesota world trade center club program in accordance with the development agreement;~~

~~(5)~~ conduct public relations and liaison activities between the corporation and the international business community;

~~(6)~~ *(5)* establish and maintain an office in the Minnesota world trade center; and

~~(7)~~ *(6)* not duplicate programs or services provided by the commissioner of trade and economic development, the Minnesota trade division, or the commissioner of agriculture.

Sec. 45. Minnesota Statutes 1992, section 82.21, is amended by adding a subdivision to read:

Subd. 2a. [BROKER PAYMENT CONSOLIDATION.] *For all license renewal fees, recovery fund renewal fees, and recovery fund assessments pursuant to this section and section 82.34, the broker must remit the fees or assessments for the company, broker, and all salespersons licensed to the broker, in the form of a single check.*

Sec. 46. Minnesota Statutes 1992, section 116J.617, is amended to read:

116J.617 [TOURISM LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner may establish a tourism revolving loan program *and a tourism guarantee loan program* to provide loans ~~or~~, participate in loans, *or guarantee loans* to resorts, campgrounds, lodging facilities, and other tourism-related businesses. The commissioner shall work with financial institutions in making or participating in loans *or guaranteeing loans* under this section.

Subd. 2. [ELIGIBLE BORROWER.] To receive a loan under this section, the borrower must be a sole proprietorship, partnership, *or* corporation~~, or other person~~ engaged in a tourism-related business or other entity that is defined by the standard industrial classification codes of 7011 and 7033 as set out in the Code of Federal Regulations, title 13, section 121.2. An eligible borrower under this section must maintain the business or other entity as a tourism-related entity as defined by this subdivision during the term of the loan. An eligible borrower may not receive a loan *or loan guarantee* under this section if the borrower has received a tourism-related loan, *loan participation,*

or guarantee made by the state ~~or participated in by the state~~ in the past ~~three years~~ *36 months*.

Subd. 3. [ELIGIBLE LOAN.] The maximum loan made or participated in under this section may not be for more than 50 percent of the total cost of the project. Loan proceeds may be used for the following purposes: *acquisition of an existing building,* building construction and improvement, *land* site improvement, equipment, other construction costs, and engineering costs. Project-related expenditures made more than 30 days before an application may not be financed by a loan made, *guaranteed,* or participated in under this section.

Subd. 4. [LOAN TERMS.] The maximum term of a loan made, *guaranteed,* or participated in under this section may not exceed the useful life of the real property or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

(1) ten years for land, building, or other real property;

(2) five years for equipment or machinery; or

(3) a weighted average of the limits under clauses (1) and (2) for loans made, *guaranteed,* or participated in for a combination of real property and equipment or machinery.

The commissioner may establish interest rates for loans made under this section. All loans made must be secured by collateral.

Subd. 5. [TOURISM LOAN ACCOUNT.] The tourism loan account is created in the special revenue fund. The fund consists of money appropriated or transferred to the account and interest collected through the tourism revolving loan program, and gifts, donations, and bequests made to the account. Money in the account is appropriated to the commissioner for purposes of this section. Fees collected through the tourism revolving loan program must be credited to the general fund.

Subd. 6. [INVESTMENT INTEREST.] *All interest and profits accruing from the investment of money from the tourism loan account are credited to the account, and any loss incurred in the principal of the investments of the account is debited to the account.*

Sec. 47. [116J.65] [YOUTH ENTREPRENEURSHIP EDUCATION PROGRAM.]

The commissioner of trade and economic development shall establish a youth entrepreneurship education program to improve the academic and entrepreneurial skills of students and aid in their transition from school to business creation. The program shall strengthen local economies by creating jobs that enable citizens to remain in their communities and to foster cooperation among educators, economic development professionals, business leaders, and representatives of labor.

Sec. 48. [116J.874] [AFFIRMATIVE ENTERPRISE PROGRAM.]

Subdivision 1. [DEFINITIONS.] *(a) The definitions in this subdivision apply to this section.*

(b) "Business entity" means a sole proprietorship, partnership, limited liability company, or corporation.

(c) "Disabled person" means a person with a disability as defined under section 363.01, subdivision 13.

(d) "Full-time employee" means an employee who is employed for at least 35 hours per week.

Subd. 2. [ESTABLISHMENT.] *The commissioner of trade and economic development shall establish the affirmative enterprise program for the purpose of encouraging the full-time employment of disabled persons in areas of economic need. The commissioner shall determine areas of economic need based on present and past levels of unemployment and population loss, and present and past reductions in industrial and business activity.*

Subd. 3. [ELIGIBILITY.] *A business entity is eligible for an affirmative enterprise grant if it meets the following criteria:*

(1) except in the case of a business entity with fewer than ten employees, it employs at least 25 percent of its full-time employees from persons who are not disabled;

(2) it employs at least 50 percent of its full-time employees from disabled persons;

(3) it maintains an integrated work force of nondisabled and disabled persons at the highest possible level;

(4) every full-time employee has an employee status with all accompanying rights and responsibilities;

(5) the following benefits are provided to each full-time employee:

(i) paid vacation;

(ii) paid holidays;

(iii) paid sick leave;

(iv) a personalized career plan;

(v) retirement with employer participation; and

(vi) a copayment health insurance plan;

(6) a full-time employee selected by all employees of the business entity meets with the business entity's management at least once a month;

(7) each full-time employee is informed of other less restrictive employment when it becomes available;

(8) all full-time employees are required to participate in at least two evaluations per year with accompanying wage adjustments; and

(9) profit sharing based on the business entity's performance is provided to all full-time employees.

Subd. 4. [GRANTS.] *Affirmative enterprise grants must be used by the business to provide training and support services to disabled persons in conjunction with economic development.*

Subd. 5. [PREFERENCE.] *Preference for grant awards must be given to a business entity that: (1) offers ownership options or individual personal improvement plans with employer-sponsored training, has a long-term busi-*

ness plan, and is working collaboratively with the local economic development authority or organization; or (2) has a higher percentage of disabled employees than another eligible entity.

Subd. 6. [EXPIRATION.] *This section expires July 1, 1995. By January 1, 1995, the management analysis division of the department of administration shall evaluate the program and if warranted based on outcomes recommend to the legislature a funding source for this program and a state agency to administer the program.*

Sec. 49. Minnesota Statutes 1992, section 116J.982, is amended to read:

116J.982 [COMMUNITY DEVELOPMENT CORPORATIONS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms in this subdivision have the meanings given them:

(a) "Commissioner" means the commissioner of trade and economic development.

(b) "Economic development region" means an area so designated in the governor's executive order number ~~60~~ *83-15*, dated ~~June 12, 1970, as amended~~ *March 15, 1983*.

(c) "Federal poverty level" means the income level ~~established by the United States Community Services Administration in Code of Federal Regulations, title 45, section 1060.2 2~~ *published annually by the United States Department of Health and Human Services under authority of the Omnibus Budget Reconciliation Act of 1981, Public Law Number 97-35, title VI, section 673(2).*

(d) "Low income" means an annual income below the federal poverty level.

(e) A "low-income area" means an area in which (1) ten percent of the population have low incomes, or (2) there is one or more recognized subareas such as a census tract, city, township, or county in which 15 percent of the population have low incomes.

Subd. 2. [ADMINISTRATION.] The commissioner shall administer this section ~~and shall enforce the rules related to the community development corporations adopted by the commissioner~~ *except for subdivision 6, which shall be administered by the commissioner of housing finance.* The ~~commissioner~~ *commissioners of trade and economic development and housing finance* may ~~amend, suspend, repeal, or otherwise modify these~~, *separately or jointly, adopt* rules ~~as provided for in chapter 14~~ *necessary to implement this section*.

Subd. 3. [~~GRANTS~~ *CERTIFICATION*; CORPORATIONS ELIGIBLE.] (a) The commissioner shall ~~designate~~ *certify* a community development corporation ~~as eligible to receive grants~~ under this section if the corporation is a nonprofit corporation incorporated under chapter 317A and meets the other criteria in this subdivision.

(b) The corporation, in its articles of incorporation or bylaws, ~~shall~~ *must* designate a *low-income area as the* specific geographic community within which it will operate. ~~At least ten percent of the population within the designated community must have low incomes.~~ Within ~~the metropolitan area as defined in section 473.121, subdivision 2~~ *cities of the first class*, a

designated community must be an identifiable neighborhood or a combination of neighborhoods *but may not be the entire city. Outside cities of the first class, a designated community may be an identifiable neighborhood or neighborhoods,* or home rule charter or statutory cities, townships, unincorporated areas, or combinations of those entities. ~~Outside the metropolitan area, designated communities, so far as possible~~, *but* may not *be an entire economic development region nor* cross existing economic development *region* boundaries *except as provided in this section.* ~~If a proposed geographic area overlaps the designated community of a community development corporation existing before August 1, 1987, the proposed community development corporation shall obtain the written consent of the existing community development corporation before the proposed corporation may be designated as eligible to receive grants under this section.~~

(c) *The corporation's major purpose, in its articles of incorporation or bylaws, must be economic development, redevelopment, or housing in its designated community.*

(d) The corporation ~~shall limit voting membership to residents of its designated area~~ *must be tax exempt under section 501, paragraph (c), clause (3), of the Internal Revenue Code of 1986, as amended.*

~~(d)~~ *(e)* The ~~corporation shall have a board of directors with 15 to 30 members unless the corporation can demonstrate to the satisfaction of the commissioner that a smaller or larger board is more advantageous~~ *membership and board of directors of the corporation must be representative of the designated community.* ~~At least 40 percent of the directors must have incomes that do not exceed 80 percent of the county median family income or 80 percent of the statewide median family income as determined by the state demographer, whichever is less, and the remaining directors must be members of the business or financial community and the community at large. To the greatest extent possible, and~~ *At least 20 percent of the directors shall have low incomes or shall reside in low-income areas described in subdivision 1, paragraph (e), clause (1), or the low-income subarea described in subdivision 1, paragraph (e), clause (2).* At least 60 percent of~~,~~ the directors must be residents of the designated community. ~~Directors who meet the income limitations of this paragraph must be elected by the members of the corporation. The remaining directors may be elected by the members or appointed by the directors who meet the income limitations of this paragraph.~~ *Other directors shall be business, financial, or civic leaders or representatives-at-large of the designated community. Notwithstanding the requirements of this paragraph, a corporation which meets board structure requirements for a community housing development corporation under Code of Federal Regulations, title 24, part 92.2, is deemed to meet the board membership requirements of this subdivision.*

~~(e)~~ *(f)* The corporation ~~shall hire low income residents of the designated community to fill nonmanagerial and nonprofessional positions~~ *shall not discriminate against any persons on the basis of a status protected under chapter 363.*

~~(f)~~ *(g)* The corporation shall demonstrate that it has or ~~will have~~ *can obtain* the technical skills to analyze projects, that it is familiar with ~~other~~ available public and private funding sources and economic development, *redevelopment, and housing* programs, and that it is capable of packaging economic development, *redevelopment, and housing* projects.

(h) The corporation must have completed two or more economic development, redevelopment, or housing projects within its designated community during the last three years.

Subd. 4. [~~GRANT~~ APPROVAL FOR ~~PROJECTS~~ *CERTIFICATION.*] ~~The commissioner shall approve a grant to a community development corporation only for a project carried on within the designated community, except when the corporation demonstrates that a project carried on outside will have a significant impact inside the designated community.~~ *The commissioner shall certify as a community development corporation any organization which meets the criteria in subdivision 3. The certification is for two years from the date of certification and is renewable. The commissioner shall certify as a community development corporation for a nonrenewable period of three years from the date of certification an organization which meets all the criteria in subdivision 3, except for paragraphs (d) and (h), but which plans to meet those requirements by the end of the three years.*

As part of the certification process, the commissioner shall resolve disputes concerning boundaries of the designated community of a community development corporation.

Subd. 5. [~~USE OF GRANT~~ *GRANTS; ECONOMIC DEVELOPMENT CONTRACTS.*] The commissioner may ~~approve~~ *make* a grant to a community development corporation ~~for planning, including organization of the corporation, training of the directors, creation of a comprehensive community economic development plan,~~ and *enter into contracts with certified community development corporations for:*

(1) specific economic development projects within the designated community, such as development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, *real estate development, strategic development planning, infrastructure development,* or development of resources or facilities necessary for the establishment of a business venture;

(2) dissemination of information about, or taking applications for, programs operated by the commissioner; and

(3) developing the internal organizational capacity to engage in economic development activities such as the partnership activities listed in clause (1).

Subd. 6. [~~ASSIGNEE~~ *HOUSING CONTRACTS.*] ~~The commissioner must be named as an assignee of the rights of a state funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights must provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the commissioner must be deposited in the state treasury and credited to the general fund.~~ *The commissioner of the housing finance agency may enter into contracts with certified community development corporations for purposes of housing activities associated with economic development activity under subdivision 5.*

~~Subd. 6a. [SECONDARY MARKET.] A community development corporation may sell, at private or public sale, at the price or prices determined by the corporation, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for profit or nonprofit organization, or an individual.~~

Subd. 7. [~~FACTORS FOR GRANT APPROVAL~~ *OTHER PROGRAMS.*] ~~Factors considered by the commissioner in approving a grant to a community development corporation must include the creation of employment opportunities, the maximization of profit, and the effect on securing money from sources other than the state.~~ *A certified community development corporation is eligible to participate in a program available to nonprofit organizations which is operated by the commissioners of trade and economic development or housing finance if the certified development corporation meets the requirements of the program.*

Subd. 7a. [REAL ESTATE LICENSE EXEMPTION.] *A certified community development corporation is exempt from the licensure requirements of section 82.20.*

~~Subd. 8. [PROHIBITION.] Grants under this section are not available for programs conducted by churches or religious organizations or for securing or developing social services.~~

~~Subd. 9. [NO EXCLUSION.] A person may not be excluded from participation in a program funded under this section because of race, color, religion, sex, age, or national origin.~~

Sec. 50. [116J.987] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] *The definitions in this section apply to sections 116J.987 to 116J.990.*

Subd. 2. [BOARD.] *"Board" means the board of invention.*

Subd. 3. [COMMERCIAL INVENTION.] *"Commercial invention" means new and useful processes, machines, manufacturing procedures, or any new and useful improvements or applications of commercial inventions, regardless of whether or not the invention is patentable.*

Subd. 4. [INVENTION.] *"Invention" means creative activity resulting in new and potentially useful and applied products or ideas of commercial and social merit. Invention includes commercial and social inventions.*

Subd. 5. [SOCIAL INVENTION.] *"Social invention" means new procedures, new uses for known procedures, and organizations that change the way in which people relate to their environment or to each other.*

Sec. 51. [116J.988] [BOARD OF INVENTION.]

Subdivision 1. [MEMBERSHIP.] *The board of invention consists of 11 members appointed by the governor, subject to the advice and consent of the senate. One member must be appointed from each of the congressional districts. The remaining members may be appointed at large.*

Subd. 2. [TERMS.] *The membership terms, removal, and filling of vacancies of board members are as provided in section 15.0575.*

Subd. 3. [CHAIR; OTHER OFFICERS.] *The board shall annually elect a chair and other officers as necessary from its members.*

Subd. 4. [STAFF.] *The board may employ an executive director who is knowledgeable in invention and has demonstrated proficiency in the administration of programs relating to invention. The executive director shall perform the duties that the board may require in carrying out its responsibilities.*

Sec. 52. [116J.989] [POWERS.]

Subdivision 1. [CONTRACTS.] *The board may enter into contracts and grant agreements necessary to carry out its responsibilities.*

Subd. 2. [GIFTS; GRANTS.] *The board may apply for, accept, and disburse gifts, grants, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts or grants and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, or agreement. Money received by the board under this subdivision must be deposited in the state treasury. The amount deposited is appropriated to the board to carry out its duties.*

Sec. 53. [116J.990] [DUTIES.]

Subdivision 1. [GENERAL DUTIES.] *The board shall encourage the creation, performance, and appreciation of invention in the state. The board shall investigate and evaluate new methods to enhance invention.*

Subd. 2. [GRANT PROGRAM.] *The board shall establish an invention grant program to award grants to individuals, nonprofits, or private organizations to encourage the development of both commercial and social inventions.*

Subd. 3. [TECHNICAL ASSISTANCE.] *The board shall provide information services relating to invention to the general public.*

Subd. 4. [COORDINATION.] *The board may review all public and private programs relating to invention and innovation.*

Subd. 5. [BUDGET.] *The board shall adopt an annual budget and work program.*

Subd. 6. [REPORT.] *The board shall submit a report to the legislature and the governor by January 31 of each year. The report must include a review of invention activities in the state, a review of the board's activities, a listing of grants made under the invention grant program, an evaluation of invention initiatives, and recommendations concerning state support of invention activities.*

Subd. 7. [STATE FUNDING PROHIBITED.] *No state money may be appropriated to the board. The board must utilize private funds and nonstate public money to fund its activities.*

Sec. 54. [116M.14] [DEFINITIONS.]

Subdivision 1. [TERMS.] *For the purposes of this chapter, the following terms have the meaning given them.*

Subd. 2. [BOARD.] *"Board" means the urban initiative board.*

Subd. 3. [COMMISSIONER.] *"Commissioner" means the commissioner of trade and economic development.*

Subd. 4. [LOW-INCOME AREA.] *"Low-income area" means Minneapolis, St. Paul, and inner ring suburbs as defined by the metropolitan council that had a median household income below $31,000 as reported in the 1990 census.*

Subd. 5. [MINORITY BUSINESS ENTERPRISE.] *"Minority business enterprise" means a business that is majority owned and operated by persons belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.*

Sec. 55. [116M.15] [URBAN INITIATIVE BOARD.]

Subdivision 1. [CREATION; MEMBERSHIP.] *The urban initiative board is created and consists of the commissioners of trade and economic development and jobs and training, the chair of the metropolitan council, and eight members from the general public appointed by the governor. Six of the public members must be representatives from minority business enterprises. No more than four of the public members may be of one gender. All public members must be experienced in business or economic development.*

Subd. 2. [MEMBERSHIP TERMS.] *The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.*

Subd. 3. [CHAIR; OTHER OFFICERS.] *The commissioner of trade and economic development shall serve as chair of the board. The board may elect other officers as necessary from its members.*

Subd. 4. [STAFF.] *The commissioner of trade and economic development shall provide staff, consultant support, materials, and administrative services necessary for the board's activities. The services must include personnel, budget, payroll, and contract administration.*

Sec. 56. [116M.16] [POWERS.]

Subdivision 1. [CONTRACTS.] *The board may enter into contracts and grant agreements necessary to carry out its responsibilities.*

Subd. 2. [GIFTS; GRANTS; APPROPRIATION.] *The board may apply for, accept, and disburse gifts, grants, loans, or other property from the United States, the state, private foundations, or any other source. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of its assets in accordance with the terms of the gift, grant, loan, or agreement. Money received by the board under this subdivision must be deposited in a separate account in the state treasury. The amount deposited is appropriated to the board to carry out its duties.*

Sec. 57. [116M.17] [DUTIES.]

Subdivision 1. [GENERAL DUTIES.] *The board shall investigate and evaluate methods to enhance urban development, particularly methods relating to economic diversification through minority business enterprises and job creation for minority and other persons in low-income areas. The enterprises shall include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries.*

Subd. 2. [TECHNICAL ASSISTANCE.] *The board through the department, shall provide technical assistance and development information services to state agencies, regional agencies, special districts, local governments, and the public, with special emphasis on minority communities.*

Subd. 3. [BUDGET.] *The board shall adopt an annual budget and work program and a biennial budget.*

Subd. 4. [REPORTS.] *The board shall submit an annual report to the legislature of an accounting of loans made under section 116M.18, including information on loans to minority business enterprises, the impact on low-income areas, and recommendations concerning minority business development and jobs for persons in low-income areas.*

Sec. 58. [116M.18] [URBAN CHALLENGE GRANTS PROGRAM.]

Subdivision 1. [ELIGIBILITY RULES.] *The board shall make urban challenge grants for use in low-income areas to nonprofit corporations to encourage private investment, to provide jobs for minority persons and others in low-income areas, to create and strengthen minority business enterprises, and to promote economic development in a low-income area. The board shall adopt rules to establish criteria for determining loan eligibility.*

Subd. 2. [CHALLENGE GRANT ELIGIBILITY; NONPROFIT CORPORATION.] *The board may enter into agreements with nonprofit corporations to fund loans the nonprofit corporation makes in low-income areas under subdivision 4. A corporation must demonstrate that:*

(1) its board of directors includes citizens experienced in development, minority business enterprises, and creating jobs in low-income areas;

(2) it has the technical skills to analyze projects;

(3) it is familiar with other available public and private funding sources and economic development programs;

(4) it can initiate and implement economic development projects;

(5) it can establish and administer a revolving loan account; and

(6) it can work with job referral networks which assist minority and other persons in low-income areas.

Subd. 3. [REVOLVING LOAN FUND.] *The board shall establish a revolving loan fund to make grants to nonprofit corporations for the purpose of making loans to new and expanding businesses in a low-income area to promote minority business enterprises and job creation for minority and other persons in low-income areas. Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries. Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the board for approval. The commissioner must give final approval for each loan made by the nonprofit corporation. The amount of a grant may not exceed 50 percent of each loan. The amount of nonstate money must equal at least 50 percent for each loan.*

Subd. 4. [BUSINESS LOAN CRITERIA.] *(a) The criteria in this subdivision apply to loans made under the urban challenge grant program.*

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

(c) A loan must be used for a project designed to benefit persons in low-income areas through the creation of job opportunities for them. Among loan applicants, priority must be given, on the basis of the number of permanent jobs created or retained by the project and the proportion of nonpublic money leveraged by the loan. Priority must also be given for loans to the lowest income areas.

(d) The minimum loan is $5,000 and the maximum is $150,000.

(e) With the approval of the commissioner, a loan may be used to provide up to 50 percent of the private investment required to qualify for a grant from the economic recovery account.

(f) A loan must be matched by at least an equal amount of new private investment.

(g) A loan may not be used for a retail development project.

(h) The business must agree to work with job referral networks that focus on minority applicants from low-income areas.

Subd. 5. [REVOLVING FUND ADMINISTRATION; RULES.] *(a) The board shall establish a minimum interest rate for loans to ensure that necessary loan administration costs are covered.*

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution, consistent with the loan criteria specified in subdivision 4.

(c) Administrative expenses of the board may be paid out of the interest earned on loans.

Subd. 6. [RULES.] *The board shall adopt rules to implement this section.*

Subd. 7. [COOPERATION.] *A nonprofit corporation that receives an urban challenge grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.*

Subd. 8. [REPORTING REQUIREMENTS.] *A corporation that receives a challenge grant shall:*

(1) submit an annual report to the board by September 30 of each year that includes a description of projects supported by the urban challenge grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and persons in low-income areas, the source and amount of money collected and distributed by the urban challenge grant program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the board.

Sec. 59. [129D.06] [GRANTS TO ARTS ORGANIZATIONS.]

Subdivision 1. [STATE ARTS ACCOUNT; APPROPRIATION.] *The state arts account consists of amounts credited to it by law. Money in the account is appropriated to the board for annual distribution as follows, after deducting the board's reasonable expenses for administration:*

(1) 85 percent must be used to fund grants to qualified arts organizations as provided in subdivision 2; and

(2) 15 percent must be distributed to the regional arts councils designated by the board through the board acting as a fiscal agent for the regional arts councils.

Subd. 2. [GRANTS; AMOUNT.] *The board shall make grants to qualified arts organizations. The amount of the grant to each organization is the percentage of the organization's three-year average cash operating expense budget for nonprofit arts activities that, when applied to the three-year nonprofit average cash operating expense budgets of all qualified arts organizations, equals the amount available for distribution from the state arts account under subdivision 1. The board shall require an organization that receives a grant under this section to annually report to the board in the form required by the board the purposes for which the grant was used.*

As used in this section, "qualified arts organization" means a sponsoring organization as defined in section 129D.01, paragraph (d), that has applied for a grant under this section if the board finds that the organization:

(1) has a three-year average cash operating expense budget for nonprofit arts activities of at least $100,000, as adjusted annually by a consumer price index determined by the board; and

(2) is a recipient of a grant from the board or from one of the regional arts councils in the fiscal year in which application is made.

Under emergency circumstances as defined by the board, a sponsoring organization may be reevaluated using established review criteria prior to receiving a grant under this section.

A "qualified arts organization" does not include an organization that receives any proceeds from a tax levy under section 450.25.

Sec. 60. [138A.01] [LABOR INTERPRETIVE CENTER; BOARD OF DIRECTORS.]

Subdivision 1. [ESTABLISHMENT.] *The labor interpretive center is a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter.*

Subd. 2. [PURPOSE.] *The purpose of the labor interpretive center is to celebrate the contribution of working people to the past, present, and future of Minnesota; to spur an interest among the people of Minnesota in their own family and community traditions of work; to help young people discover their work skills and opportunities for a productive working life; and to advance the teaching of work and labor studies in schools and colleges.*

Subd. 3. [BOARD OF DIRECTORS.] *The center is governed by a board of ten directors. The membership terms, compensation, removal, and filling of*

vacancies of members of the board are as provided in section 15.0575. Membership of the board consists of:

(1) three directors appointed by the governor;

(2) one director appointed by the mayor of St. Paul, subject to the approval of the city council;

(3) three directors appointed by the speaker of the house of representatives; and

(4) three directors appointed by the subcommittee on committees of the senate committee on rules and administration.

Directors must be representatives of labor, business, state and local government, local education authorities, and arts groups. The chairs of the senate committee on jobs, energy, and community development and the house of representatives committee on labor-management relations shall serve as nonvoting members.

The board shall select a chair of the board from its members, and any other officers of the board deemed necessary.

Subd. 4. [LOCATION.] *The center must be located in the capital area of St. Paul as defined in section 15.50, subdivision 2, at the site recommended by the capitol area architectural and planning board.*

Subd. 5. [MEETINGS OF THE BOARD.] *The board shall meet at least twice a year and may hold additional meetings upon giving notice. Board meetings are subject to section 471.705.*

Subd. 6. [CONFLICT OF INTEREST.] *A director, employee, or officer of the center may not participate in or vote on a decision of the board relating to a matter in which the director has either a direct or indirect financial interest or a conflict of interest as described in section 10A.07.*

Subd. 7. [TORT CLAIMS.] *The center is a state agency for purposes of section 3.736.*

Sec. 61. [138A.02] [CENTER PERSONNEL.]

Subdivision 1. [GENERALLY.] *The board shall appoint an executive director of the center to serve in the unclassified service. The executive director must be chosen on the basis of training, experience, and knowledge in the areas of labor history and the changing world of work. The center shall employ staff, consultants, and other parties necessary to carry out the mission of the center.*

Subd. 2. [STATUS OF EMPLOYEES.] *Employees of the center are executive branch state employees.*

Sec. 62. [138A.03] [POWERS; DUTIES; BOARD; CENTER.]

Subdivision 1. [GENERAL POWERS.] *The board has the powers necessary for the care, management, and direction of the center. The powers include: (1) overseeing the planning and construction of the center as funds are available; (2) leasing a temporary facility for the center during development of its organization and program; and (3) establishing advisory groups as needed to advise the board on program, policy, and related issues.*

Subd. 2. [DUTIES.] *The center is a state agency for purposes of the following accounting and budgeting requirements:*

(1) financial reports and other requirements under section 16A.06;

(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;

(3) the state allotment and encumbrance, and accounting systems under sections 16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and

(4) indirect costs under section 16A.127.

Subd. 3. [PROGRAM.] *The board shall appoint a program advisory group to oversee the development of the center's programming. It must consist of representatives of cultural and educational organizations, labor education specialists, and curriculum supervisors in local schools. The program of the center may be implemented through exhibits, performances, seminars, films and multimedia presentations, participatory programs for all ages, and a resource center for teachers. Collaborative program development is encouraged with technical colleges, the Minnesota historical society, and other cultural institutions.*

Subd. 4. [BOARD OF GOVERNORS.] *The board may establish a board of governors to incorporate as a nonprofit organization to receive donations for the center and to serve as honorary advisors to the board of directors.*

Sec. 63. [138A.04] [LABOR INTERPRETIVE CENTER ACCOUNT.]

The Minnesota labor interpretive center account is an account in the special revenue fund. Funds in the account not needed for the immediate purposes of the center may be invested by the state board of investment in any way authorized by section 11A.24. Funds in the account are appropriated to the center to be used as provided in this chapter.

Sec. 64. [138A.05] [AUDITS.]

The center is subject to the auditing requirements of sections 3.971 and 3.972.

Sec. 65. [138A.06] [ANNUAL REPORTS.]

The board shall submit annual reports to the legislature on the planning, development, and activities of the center. The board shall supply more frequent reports if requested.

Sec. 66. Minnesota Statutes 1992, section 216B.62, subdivision 3, is amended to read:

Subd. 3. [ASSESSING ALL PUBLIC UTILITIES.] *(a)* The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to *(1)* public utilities under section 216A.085, ~~and~~ sections 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2 or 6, *and alternative energy engineering activity under section 216C.261*. The remainder, *except the amount assessed against cooperatives and municipalities for alternative energy engineering activity under subdivision 5,* shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar

year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed ~~one-eighth~~ *one-sixth* of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 67. Minnesota Statutes 1992, section 216B.62, subdivision 5, is amended to read:

Subd. 5. [ASSESSING COOPERATIVES AND MUNICIPALS.] The commission and department may charge cooperative electric associations and municipal electric utilities their proportionate share of the expenses incurred in the adjudication of service area disputes and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4.

The department shall assess cooperatives and municipalities for the costs of alternative energy engineering activities under section 216C.261. Each cooperative and municipality shall be assessed in proportion that its gross operating revenues for the sale of gas and electric service within the state for the last calendar year bears to the total of those revenues for all public utilities, cooperatives, and municipalities.

Sec. 68. Minnesota Statutes 1992, section 237.295, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF COSTS.] The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to telephone companies, other than amounts chargeable to telephone companies under subdivision 1 ~~or~~, 5, *or 6*. The remainder must be assessed by the department to the telephone companies operating in this state in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment must be paid into the state treasury within 30 days after the bill has been mailed to the telephone companies. The bill constitutes notice of the assessment and demand of payment. The total amount that may be assessed to the telephone companies under this subdivision may not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during the calendar year. The assessment for the third quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed. A

telephone company with gross jurisdictional operating revenues of less than $5,000 is exempt from assessments under this subdivision.

Sec. 69. Minnesota Statutes 1992, section 237.295, is amended by adding a subdivision to read:

Subd. 6. [EXTENDED AREA SERVICE BALLOTING ACCOUNT; APPROPRIATION.] *The extended area service balloting account is created as a separate account in the special revenue fund in the state treasury. The commission shall render separate bills to telephone companies only for direct balloting costs incurred by the commission under section 237.161. The bill constitutes notice of the assessment and demand of payment. The amount of a bill assessed by the commission under this subdivision must be paid by the telephone company into the state treasury within 30 days from the date of assessment. Money received under this subdivision must be credited to the extended area service balloting account and is appropriated to the commission.*

Sec. 70. Minnesota Statutes 1992, section 239.011, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND POWERS.] To carry out the responsibilities in section 239.01 and subdivision 1, the director:

(1) shall take charge of, keep, and maintain in good order the standard of weights and measures of the state and keep a seal so formed as to impress, when appropriate, the letters "MINN" and the date of sealing upon the weights and measures that are sealed;

(2) has general supervision of the weights, measures, and weighing and measuring devices offered for sale, sold, or in use in the state;

(3) shall maintain traceability of the state standards to the national standards of the National Institute of Standards and Technology;

(4) shall enforce this chapter;

(5) shall grant variances from department rules, within the limits set by rule, when appropriate to maintain good commercial practices or when enforcement of the rules would cause undue hardship;

(6) shall conduct investigations to ensure compliance with this chapter;

(7) may delegate to division personnel the responsibilities, duties, and powers contained in this section;

(8) shall test annually, and approve when found to be correct, the standards of weights and measures used by the division, by a town, statutory or home rule charter city, or county within the state, or by a person using standards to repair, adjust, or calibrate commercial weights and measures;

(9) shall inspect and test weights and measures kept, offered, or exposed for sale;

(10) shall inspect and test, to ascertain if they are correct, weights and measures commercially used to:

(i) determine the weight, measure, or count of commodities or things sold, offered, or exposed for sale, on the basis of weight, measure, or count; and

(ii) compute the basic charge or payment for services rendered on the basis of weight, measure, or count;

(11) shall approve for use and mark weights and measures that are found to be correct;

(12) shall reject, and mark as rejected, weights and measures that are found to be incorrect and may seize them if those weights and measures:

(i) are not corrected within the time specified by the director;

(ii) are used or disposed of in a manner not specifically authorized by the director; or

(iii) are found to be both incorrect and not capable of being made correct, in which case the director shall condemn those weights and measures;

(13) shall weigh, measure, or inspect packaged commodities kept, offered, or exposed for sale, sold, or in the process of delivery, to determine whether they contain the amount represented and whether they are kept, offered, or exposed for sale in accordance with this chapter and department rules. In carrying out this section, the director must employ recognized sampling procedures, such as those contained in National Institute of Standards and Technology Handbook 133, "Checking the Net Contents of Packaged Goods";

(14) shall prescribe the appropriate term or unit of weight or measure to be used for a specific commodity when an existing term or declaration of quantity does not facilitate value comparisons by consumers, or creates an opportunity for consumer confusion;

(15) shall allow reasonable variations from the stated quantity of contents, including variations caused by loss or gain of moisture during the course of good distribution practice or by unavoidable deviations in good manufacturing practice, only after the commodity has entered commerce within the state;

(16) shall inspect and test petroleum products in accordance with this chapter and chapter 296;

(17) shall distribute and post notices for used motor oil and lead acid battery recycling in accordance with sections 239.54, 325E.11, and 325E.115; ~~and~~

(18) shall collect inspection fees in accordance with sections 239.10~~,~~ ~~239.52,~~ ~~and~~ ~~239.78.~~ *and 239.101; and*

(19) shall provide metrological services and support to businesses and individuals in the United States who wish to market products and services in the member nations of the European Economic Community, and other nations outside of the United States by:

(i) meeting, to the extent practicable, the measurement quality assurance standards described in the International Standards Organization ISO 9000, Guide 25;

(ii) maintaining, to the extent practicable, certification of the metrology laboratory by a governing body appointed by the European Economic Community; and

(iii) providing calibration and consultation services to metrology laboratories in government and private industry in the United States.

Sec. 71. Minnesota Statutes 1992, section 239.10, is amended to read:

239.10 [ANNUAL INSPECTION; ~~FEE~~.]

~~The department shall charge a fee to the owner for the costs of the regular inspection of scales, weights, measures, and weighing or measuring devices. The cost of any other inspection must be paid by the owner if the inspection is performed at the owner's request or if the inspection is made at the request of some other person and the scale, weight, measure, or weighing or measuring device is found to be incorrect. The department may fix the fees and expenses for regular inspections and special services by rule pursuant to section 16A.128, except that no additional fee may be charged for retail petroleum pumps, petroleum vehicle meters, and petroleum bulk meters that dispense petroleum products for which the petroleum inspection fee required by section 239.78 is collected. Money collected by the department for its regular inspections, special services, fees, and penalties must be paid into the state treasury and credited to the state general fund.~~ *The director shall inspect all weights and measures annually, or as often as deemed possible within budget and staff limitations.*

Sec. 72. [239.101] [INSPECTION FEES.]

Subdivision 1. [FEE SETTING AND COST RECOVERY.] *The department shall recover the amount appropriated to the weights and measures program through revenue from two separate fee systems under subdivisions 2 and 3, and according to the fee-setting and cost-recovery requirements in subdivisions 4, 5, and 6.*

Subd. 2. [WEIGHTS AND MEASURES FEES.] *The director shall charge a fee to the owner for inspecting and testing weights and measures, providing metrology services and consultation, and providing petroleum quality assurance tests at the request of a licensed distributor. Money collected by the director must be paid into the state treasury and credited to the state general fund.*

Subd. 3. [PETROLEUM INSPECTION FEE.] *A person who owns petroleum products held in storage at a pipeline terminal, river terminal, or refinery shall pay a petroleum inspection fee of 85 cents for every 1,000 gallons sold or withdrawn from the terminal or refinery storage. The commissioner of revenue shall collect the fee. The revenue from the fee must first be applied to cover the amounts appropriated for petroleum product quality inspection expenses, for the inspection and testing of petroleum product measuring equipment, and for petroleum supply monitoring under chapter 216C.*

The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue. The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296.

Subd. 4. [SETTING WEIGHTS AND MEASURES FEES.] *The department shall review its schedule of inspection fees at the end of each six months. When a review indicates that the schedule of inspection fees should be adjusted, the commissioner shall fix the fees by rule, in accordance with section 16A.128, to ensure that the fees charged are sufficient to recover all costs connected with the inspections.*

Subd. 5. [SETTING PETROLEUM INSPECTION FEE.] *When the department estimates that inspection costs will exceed the revenue from the fee, the commissioner shall notify the commissioner of finance. The commissioner of finance shall then request a fee increase from the legislature.*

Subd. 6. [COST RECOVERY REQUIREMENTS.] *The cost of inspection activities and services not specified in subdivisions 2 and 3, including related overhead costs, must be equitably apportioned and recovered by the fees.*

Sec. 73. Minnesota Statutes 1992, section 239.791, subdivision 6, is amended to read:

Subd. 6. [OXYGENATE RECORDS; SELF AUDITS.] A registered oxygenate blender shall ~~commission an attestation engagement performed by a certified public accountant~~ *audit records* to ~~investigate~~ *demonstrate* compliance with this section and with EPA oxygenated fuel requirements. The audit report, including the cumulative record of gasoline oxygenate blends, must be submitted to the director, as prescribed by the director, within 120 days after the end of each carbon monoxide control period.

Sec. 74. Minnesota Statutes 1992, section 239.791, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] A person responsible for the product who delivers, distributes, sells, or offers to sell gasoline in a carbon monoxide control area, during a carbon monoxide control period, shall provide, at the time of delivery, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill *of lading* or *shipping* manifest *must include the identity and the volume percentage or gallons of oxygenate included in the gasoline, and it* must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate." For nonoxygenated gasoline, the bill or manifest must state: "This fuel must not be sold at retail or used in a carbon monoxide control area." This subdivision does not apply to sales or transfers of gasoline when the gasoline is dispensed into the supply tanks of motor vehicles.

Sec. 75. Minnesota Statutes 1992, section 239.80, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS; ACTIONS OF DEPARTMENT.] The director, or any delegated employee shall use the methods in section 239.75 to enforce sections 239.10*; 239.101, subdivision 3;* 239.761~~,~~ ~~239.78,~~*;* 239.79~~,~~*;* 239.791~~,~~*;* and 239.792.

Sec. 76. Minnesota Statutes 1992, section 239.80, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] A person who fails to comply with any provision of section 239.10*; 239.101, subdivision 3;* 239.761~~,~~ ~~239.78,~~*;* 239.79~~,~~*;* 239.791~~,~~*;* or 239.792, is guilty of a misdemeanor.

Sec. 77. Minnesota Statutes 1992, section 257.0755, is amended to read:

257.0755 [OFFICE OF OMBUDSPERSON; CREATION; QUALIFICATIONS; FUNCTION.]

An ombudsperson for families shall be appointed to operate independently but under the auspices of each of the following groups: the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black

Minnesotans, and the Council on Asian-Pacific Minnesotans. Each of these groups shall select its own ombudsperson subject to final approval by the advisory board established under section 257.0768. Each ombudsperson shall serve at the pleasure of the advisory board, shall be in the unclassified service, shall be selected without regard to political affiliation, and shall be a person highly competent and qualified to analyze questions of law, administration, and public policy regarding the protection and placement of children from families of color. In addition, the ombudsperson must be experienced in dealing with communities of color and knowledgeable about the needs of those communities. No individual may serve as ombudsperson while holding any other public office. The ombudsperson shall have the authority to investigate decisions, acts, and other matters of an agency, program, or facility providing protection or placement services to children of color. *Money appropriated for each office of ombudsperson from the general fund or the special fund authorized by section 256.01, subdivision 2, clause (15), is under the control of the office of ombudsperson for which it is appropriated.*

Sec. 78. Minnesota Statutes 1992, section 268.022, subdivision 1, 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.

(c) Notwithstanding any provision to the contrary, if on June 30 of any year the unobligated balance of the special assessment fund under this section is greater than $30,000,000, the special assessment for the following year only shall be levied at a rate of 1/20th of one percent on all wages identified for this purpose under this subdivision.

Sec. 79. Minnesota Statutes 1992, section 268.022, subdivision 2, is amended to read:

Subd. 2. [DISBURSEMENT OF SPECIAL ASSESSMENT FUNDS.] (a) The money collected under this section shall be deposited in the state treasury and credited to a dedicated fund to provide for the ~~dislocated worker~~ *employment and training* programs established under sections 268.975 to 268.98; including vocational guidance, training, placement, and job development.

(b) All money in the dedicated fund is appropriated to the commissioner who must act as the fiscal agent for the money and must disburse the money for the purposes of this section, not allowing the money to be used for any other obligation of the state. All money in the dedicated fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for the other

dedicated funds in the state treasury, except that all interest or net income resulting from the investment or deposit of money in the fund shall accrue to the fund for the purposes of the fund.

(c) No more than five percent of the dedicated funds collected in each fiscal year may be used by the department of jobs and training for its administrative costs.

(d) *Reimbursement for costs related to collection of the special assessment shall be in an amount negotiated between the commissioner and the United States Department of Labor.*

(e) The dedicated funds, less amounts under ~~paragraph~~ *paragraphs* (c)~~, must~~ *and (d) shall* be allocated as follows:

(1) ~~50~~ *40* percent to be allocated ~~according to paragraph (e) to the substate grantees under subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1661a in proportion to each substate area's share of the federal allocated funds, to be used to assist dislocated workers under the standards in section 268.98;~~

~~(2) 50 percent to fund specific programs proposed under the state plan request for proposal process and recommended by the governor's job training council. This fund shall be used for state plan request for proposal programs addressing plant closings or layoffs regardless of size; and~~

~~(3) in fiscal years 1991, 1992, and 1993, any amounts transferred to the general fund or obligated before July 1, 1991, shall be excluded from the calculation under this paragraph.~~

~~(e) In the event that a substate grantee has obligated 100 percent of its formula allocated federal funds under subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1651 et seq., and has demonstrated appropriate use of the funds to the governor's job training council, the substate grantee may request and the commissioner shall provide additional funds to the substate area in an amount equal to the federal formula allocated funds. When a substate grantee has obligated 100 percent of the additional funds provided under this section, and has demonstrated appropriate use of the funds to the governor's job training council, the substate grantee may request and the commissioner shall provide further additional funds in amounts equal to the federal formula allocated funds until the substate area receives its proportionate share of funds under paragraph (d), clause (1).~~

~~(f) By December 31 of each fiscal year each substate grantee and the governor's job training council shall report to the commissioner on the extent to which funds under this section are committed and the anticipated demand for funds for the remainder of the fiscal year. The commissioner shall reallocate those funds that the substate grantees and the council do not anticipate expending for the remainder of the fiscal year to be available for requests from other substate grantees or other dislocated worker projects proposed to the governor's job training council which demonstrate a need for additional funding.~~

~~(g) Due to the anticipated quarterly variations in the amounts collected under this section, the amounts allocated under paragraph (d) must be based on collections for each quarter. Any amount collected in the final two quarters of the fiscal year, but not allocated, obligated or expended in the fiscal year, shall be available for allocation, obligation and expenditure in the following~~

~~fiscal year.~~ *annually to substate grantees for provision of expeditious response activities under section 268.9771 and worker adjustment services under section 268.9781; and*

(2) 60 percent to be allocated to activities and programs authorized under sections 268.975 to 268.98.

(f) Any funds not allocated, obligated, or expended in a fiscal year shall be available for allocation, obligation, and expenditure in the following fiscal year.

Sec. 80. Minnesota Statutes 1992, section 268.361, subdivision 6, is amended to read:

Subd. 6. [TARGETED YOUTH.] "Targeted youth" means *at-risk* persons ~~that~~ *who* are at least 16 years of age but not older than ~~21~~ *24* years of age, *are eligible for the high school graduation incentive program under section 126.22, subdivisions 2 and 2a, or are economically disadvantaged as defined in United States Code, title 29, section 1503,* and are part of one of the following groups:

(1) persons who are not attending any school and have not received a secondary school diploma or its equivalent; or

(2) persons currently enrolled in a traditional or alternative school setting or a GED program and who, in the opinion of an official of the school, are in danger of dropping out of the school.

Sec. 81. Minnesota Statutes 1992, section 268.361, subdivision 7, is amended to read:

Subd. 7. [VERY LOW INCOME.] "Very low income" means incomes that are at or less than ~~30~~ *50* percent of the *area* median income ~~for the Minneapolis-St. Paul metropolitan area~~, *adjusted for family size, as estimated by the department of housing and urban development.*

Sec. 82. Minnesota Statutes 1992, section 268.362, is amended to read:

268.362 [GRANTS.]

Subdivision 1. [GENERALLY.] *(a)* The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience ~~to at-risk~~ *for* targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, *improvement,* or construction of *(1)* residential units for the homeless, *or (2) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.*

(b) Eligible facilities must principally provide services to homeless or very low income individuals and families, and include the following:

(1) Head Start or day care centers;

(2) homeless, battered women, or other shelters;

(3) transitional housing;

(4) youth or senior citizen centers; and

(5) community health centers.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Subd. 2. [GRANT APPLICATIONS; AWARDS.] Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a grant. The total grant award for any program may not exceed ~~$50,000~~ *$80,000* per year. In awarding grants, the *advisory committee and the* commissioner must give priority to:

(1) *continuing and expanding effective programs by providing grant money to* organizations that are operating or have operated ~~successfully~~ a *successful* program *that meets the program purposes under section 268.364*; and

(2) distributing programs throughout the state *through start-up grants for programs in areas that are not served by an existing program.*

To receive a grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner must verify that the eligible organization has matched the grant money. *Nothing in this subdivision shall prevent an eligible organization from applying for and receiving grants for more than one program. A grant received by an eligible organization from the federal Youthbuild Project under United States Code, title 42, section 5091, is nonstate money and may be used to meet the state match requirement. State grant money awarded under this section may be used by grantee organizations for match requirements of a federal Youthbuild Project.*

Sec. 83. Minnesota Statutes 1992, section 268.363, is amended to read:

268.363 [ADVISORY COMMITTEE.]

A 13-member advisory committee is established as provided under section 15.059 to assist the commissioner in selecting eligible organizations to receive ~~planning~~ *program* grants, evaluating the final reports of each organization, and providing recommendations to the legislature. Members of the committee may be reimbursed for expenses but may not receive any other compensation for service on the committee. The advisory committee consists of representatives of the commissioners of education, human services, and jobs and training; a representative of the chancellor of vocational education; a representative of the commissioner of the housing finance agency; the director of the office of jobs policy; and seven public members appointed by the governor. Each of the following groups must be represented by a public member *experienced in working with targeted youth*: labor organizations, local educators, community groups, consumers, local housing developers, youth between the ages of 16 and ~~21~~ *24 who have a period of homelessness*, and *other* homeless persons. At least three of the public members must be from outside of the metropolitan area as defined in section 473.121, subdivision 2. The commissioner may provide staff to the advisory committee to assist it in carrying out its purpose.

Sec. 84. Minnesota Statutes 1992, section 268.364, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM PURPOSE.] The grants awarded under section 268.362 are for a youth employment and training program directed at targeted youth who are likely to be at risk of not completing their high school education. Each program must include education, work experience, ~~and~~ job skills, *and leadership training and peer support* components. *Each participant must be offered counseling and other services to identify and overcome problems that might interfere with successfully completing the program.*

Sec. 85. Minnesota Statutes 1992, section 268.364, subdivision 3, is amended to read:

Subd. 3. [WORK EXPERIENCE COMPONENT.] A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities ~~and~~. A training subsidy, *living allowance,* or stipend, *not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in United States Code, title 42, section 673, paragraph (2),* may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in *(1)* the expansion or improvement of residential units for homeless persons and very low income families, ~~and~~ *or (2) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or very low income individuals and families. Any work project* must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Sec. 86. Minnesota Statutes 1992, section 268.364, is amended by adding a subdivision to read:

Subd. 6. [LEADERSHIP TRAINING AND PEER SUPPORT COMPONENT.] *Each program must provide participants with meaningful opportunities to develop leadership skills such as decision making, problem solving, and negotiating. The program must encourage participants to develop strong peer group ties that support their mutual pursuit of skills and values.*

Sec. 87. Minnesota Statutes 1992, section 268.365, subdivision 2, is amended to read:

Subd. 2. [PRIORITY FOR HOUSING.] Any residential *or transitional housing* units that become available through ~~the program~~ *a work project that is part of the program described in section 268.364* must be allocated in the following order:

(1) homeless ~~individuals~~ *targeted youth* who have participated in constructing, rehabilitating, or improving the unit;

(2) homeless families with at least one dependent;

(3) other homeless individuals;

(4) other very low income families and individuals; and

(5) families or individuals that receive public assistance and that do not qualify in any other priority group.

Sec. 88. Minnesota Statutes 1992, section 268.55, is amended to read:

268.55 [~~FOOD BANK~~ *FOODSHELF* PROGRAM.]

Subdivision 1. [DISTRIBUTION OF APPROPRIATION.] The ~~economic opportunity office of the~~ department of jobs and training shall distribute funds appropriated to it by law for that purpose ~~to food banks, as defined in section 31.50, subdivision 1, paragraph (b). A food bank qualifies under this section if it is a nonprofit corporation, or is affiliated with~~ *to the Minnesota foodshelf association, a statewide association of foodshelves organized as* a nonprofit corporation, as defined under section 501(c)(3) of the Internal Revenue Code of 1986, ~~and distributes food~~ *to distribute* to qualifying foodshelves. A foodshelf qualifies under this section if:

(1) it is a nonprofit corporation, or is affiliated with a nonprofit corporation, as defined in section 501(c)(3) of the Internal Revenue Code of 1986;

(2) it distributes standard food orders without charge to needy individuals. The standard food order must consist of at least a two-day supply or six pounds per person of nutritionally balanced food items;

(3) it does not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need or to requirements necessary to administration of a fair and orderly distribution system;

(4) it does not use the money received or the food distribution program to foster or advance religious or political views; and

(5) it has a stable address and directly serves individuals.

Subd. 2. [APPLICATION.] In order to receive money appropriated ~~for food banks~~ under this section, ~~a food bank~~ *the Minnesota foodshelf association* must apply to the ~~economic opportunity office~~ *department of jobs and training*. The application must be in a form prescribed by the ~~economic opportunity office and must contain information required by the economic opportunity office to verify that the applicant is a qualifying food bank, and the amount the applicant is entitled to receive under subdivision 3~~ *department of jobs and training and must indicate the proportion of money each qualifying foodshelf shall receive*. Applications must be filed at the times and for the periods determined by the ~~economic opportunity office~~ *department of jobs and training*.

Subd. 3. [DISTRIBUTION FORMULA.] The ~~economic opportunity office~~ *Minnesota foodshelf association* shall distribute money ~~appropriated~~ *distributed* to it ~~for~~ *by the department of jobs and training to* foodshelf programs ~~to qualifying food banks~~ in proportion to the number of individuals served by ~~the~~ *each* foodshelf ~~programs supplied by the food bank~~ *program*. The ~~economic opportunity office~~ *department of jobs and training* shall gather data from ~~applications~~ *the Minnesota foodshelf association* or other appropriate sources to determine the proportionate amount each qualifying *foodshelf* program is entitled to receive. The ~~economic opportunity office~~ *department of jobs and training* may increase or decrease the qualifying ~~food bank's~~ *foodshelf program's* proportionate amount if it determines the increase or decrease is necessary or appropriate to meet changing needs or demands.

Subd. 4. [USE OF MONEY.] At least ~~95~~ *96* percent of the money distributed to ~~food banks~~ *the Minnesota foodshelf association* under this section must be ~~used~~ *distributed to foodshelf programs* to purchase ~~nutritious~~

~~food for~~, *transport and coordinate the* distribution ~~without charge to qualifying foodshelves serving~~ *of nutritious food to* needy individuals and families. No more than ~~five~~ *four* percent of the money may be expended for other expenses, such as rent, salaries, and other administrative expenses of the ~~food banks~~ *Minnesota foodshelf association*.

Subd. 5. [ENFORCEMENT.] ~~Recipient food banks~~ *The Minnesota foodshelf association* must retain records documenting expenditure of the money and comply with any additional requirements imposed by the ~~economic opportunity office~~ *department of jobs and training*. The ~~economic opportunity office~~ *department of jobs and training* may require ~~a food bank receiving funds under this section~~ *the Minnesota foodshelf association* to report on its use of the funds. The ~~economic opportunity office~~ *department of jobs and training* may require that the report contain an independent audit. If ineligible expenditures are made by ~~a food bank~~ *the Minnesota foodshelf association*, the ineligible amount must be repaid to the ~~economic opportunity office~~ *department of jobs and training* and deposited in the general fund.

Subd. 6. [ADMINISTRATIVE EXPENSES.] *All funds appropriated under this section must be distributed to the Minnesota foodshelf association as provided under this section with deduction by the commissioner for administrative expenses limited to 1.8 percent.*

Sec. 89. Minnesota Statutes 1992, section 268.914, subdivision 1, is amended to read:

Subdivision 1. [STATE SUPPLEMENT FOR FEDERAL GRANTEES.] (a) The commissioner of jobs and training shall distribute money appropriated for that purpose to Head Start program grantees to expand services to additional low-income children. Money must be allocated to each project Head Start grantee in existence on the effective date of Laws 1989, chapter 282. Migrant and Indian reservation grantees must be initially allocated money based on the grantees' share of federal funds. The remaining money must be initially allocated to the remaining local agencies based equally on the agencies' share of federal funds and on the proportion of eligible children in the agencies' service area who are not currently being served. A Head Start grantee must be funded at a per child rate equal to its contracted, federally funded base level for program accounts 20 to 26 at the start of the fiscal year. *In allocating funds under this paragraph, the commissioner of jobs and training must assure that each Head Start grantee is allocated no less funding in any fiscal year than was allocated to that grantee in fiscal year 1993.* The commissioner may provide additional funding to grantees for start-up costs incurred by grantees due to the increased number of children to be served. Before paying money to the grantees, the commissioner shall notify each grantee of its initial allocation, how the money must be used, and the number of low-income children that must be served with the allocation. Each grantee must notify the commissioner of the number of additional low-income children it will be able to serve. For any grantee that cannot serve additional children to its full allocation, the commissioner shall reduce the allocation proportionately. Money available after the initial allocations are reduced must be redistributed to eligible grantees.

(b) Up to 11 percent of the funds appropriated annually may be used to provide grants to local head start agencies to provide funds for innovative programs designed either to target Head Start resources to particular at-risk groups of children or to provide services in addition to those currently

allowable under federal head start regulations. The commissioner shall award funds for innovative programs under this paragraph on a competitive basis.

Sec. 90. [268.92] [LEAD ABATEMENT PROGRAM.]

Subdivision 1. [DEFINITIONS.] *For the purposes of this section, the following terms have the meanings given them.*

(a) "Certified worker" means a lead abatement worker certified by the commissioner of health under section 144.878, subdivision 5.

(b) "Certified trainer" means a lead trainer certified by the commissioner of health under section 144.878, subdivision 5.

(c) "Certified worker" means a lead abatement worker certified by the commissioner of health under section 144.878, subdivision 5.

(d) "Commissioner" means the commissioner of jobs and training.

(e) "Eligible organization" means a licensed contractor, certified trainer, city, board of health, community health department, community action agency as defined in section 268.52, or community development corporation.

(f) "High risk for toxic lead exposure" has the meaning given in section 144.871, subdivision 7a.

(g) "Licensed contractor" means a contractor licensed by the department of health under section 144.876.

(h) "Removal and replacement abatement" means lead abatement on residential property that requires retrofitting and conforms to the rules established under section 144.878.

(i) "Swab team" has the meaning given in section 144.871, subdivision 9.

Subd. 2. [GRANTS; ADMINISTRATION.] *Within the limits of the available appropriation, the commissioner may make demonstration and training grants to eligible organizations for programs to train workers for swab teams and removal and replacement abatement, and to provide swab team services and removal and replacement abatement for residential property.*

Grants awarded under this section must be made in consultation with the commissioners of the department of health, and the housing finance agency, and representatives of neighborhood groups from areas at high risk for toxic lead exposure, a labor organization, the lead coalition, community action agencies, and the legal aid society. The consulting team shall review grant applications and recommend awards to eligible organizations that meet requirements for receiving a grant under this section.

Subd. 3. [APPLICANTS.] *(a) Interested eligible organizations may apply to the commissioner for grants under this section. Two or more eligible organizations may jointly apply for a grant. Priority shall be given to community action agencies in greater Minnesota and to either community action agencies or neighborhood based nonprofit organizations in cities of the first class. 3.75 percent of the total allocation may be used for administrative costs. Applications must provide information requested by the commissioner, including at least the information required to assess the factors listed in paragraph (d).*

(b) The commissioner of jobs and training shall coordinate with the commissioner of health and local boards of health to provide swab team services. Swab teams, administered by the commissioner of jobs and training, that are not engaged daily in fulfilling the requirements of section 144.872, subdivision 5, must deliver swab team services in census tracts known to be at high risk for toxic lead exposure.

(c) Any additional grants shall be made to establish swab teams for primary prevention, without environmental lead testing, in census tracts at high risk for toxic lead exposure.

(d) In evaluating grant applications, the commissioner shall consider the following criteria:

(1) the use of licensed contractors and certified lead abatement workers for residential lead abatement;

(2) the participation of neighborhood groups and individuals, as swab team members, in areas at high risk for toxic lead exposure;

(3) plans for the provision of primary prevention through swab team services in areas at high risk for toxic lead exposure on a census tract basis without environmental lead testing;

(4) plans for supervision, training, career development, and postprogram placement of swab team members;

(5) plans for resident and property owner education on lead safety;

(6) plans for distributing cleaning supplies to area residents and educating residents and property owners on cleaning techniques;

(7) cost estimates for training, swab team services, equipment, monitoring, and administration;

(8) measures of program effectiveness; and

(9) coordination of program activities with other federal, state, and local public health, job training, apprenticeship, and housing renovation programs including the emergency jobs program under sections 268.672 to 268.881.

Subd. 4. [LEAD ABATEMENT CONTRACTORS.] *(a) Eligible organizations and licensed lead abatement contractors may participate in the lead abatement program. An organization receiving a grant under this section must assure that all participating contractors are licensed and that all swab team, and removal and replacement employees are certified by the department of health under section 144.878, subdivision 5. Organizations and licensed contractors may distinguish between interior and exterior services in assigning duties and may participate in the program by:*

(1) providing on-the-job training for swab teams;

(2) providing swab team services to meet the requirements of section 144.872;

(3) providing removal and replacement abatement using skilled craft workers;

(4) providing primary prevention, without environmental lead testing, in census tracts at high risk for toxic lead exposure;

(5) providing lead dust cleaning supplies, as described in section 144.872, subdivision 4, to residents; or

(6) instructing residents and property owners on appropriate lead control techniques.

(b) Participating licensed contractors must:

(1) demonstrate proof of workers' compensation and general liability insurance coverage;

(2) be knowledgeable about lead abatement requirements established by the department of housing and urban development and the occupational safety and health administration;

(3) demonstrate experience with on-the-job training programs;

(4) demonstrate an ability to recruit employees from areas at high risk for toxic lead exposure; and

(5) demonstrate experience in working with low-income clients.

Subd. 5. [LEAD ABATEMENT EMPLOYEES.] *Each worker engaged in swab team services or removal and replacement abatement in programs established under this section must have blood lead concentrations below 15 micrograms per deciliter as determined by a baseline blood lead screening. Any organization receiving a grant under this section is responsible for lead screening and must assure that all workers in lead abatement programs, receiving grant funds under this section, meet the standards established in this subdivision. Grantees must use appropriate workplace procedures to reduce risk of elevated blood lead levels. Grantees and participating contractors must report all employee blood lead levels that exceed 15 micrograms per deciliter to the commissioner of health.*

Subd. 6. [ON-THE-JOB TRAINING COMPONENT.] *(a) Programs established under this section must provide on-the-job training for swab teams. Training methods must follow procedures established under section 144.878, subdivision 5.*

(b) Swab team members must receive monetary compensation equal to the prevailing wage as defined in section 177.42, subdivision 6, for comparable jobs in the licensed contractor's principal business.

Subd. 7. [REMOVAL AND REPLACEMENT COMPONENT.] *(a) Within the limits of the available appropriation, programs may be established if a need is identified for removal and replacement abatement in residential properties. All removal and replacement abatement must be done using least-cost methods that meet the standards of section 144.878, subdivision 2. Removal and replacement abatement must be done by licensed lead abatement contractors. All craft work that requires a state license must be supervised by a person with a state license in the craft work being supervised.*

(b) The program design must:

(1) identify the need for trained swab team workers and removal and replacement abatement workers;

(2) describe plans to involve appropriate groups in designing methods to meet the need for trained lead abatement workers; and

(3) include an examination of how program participants may achieve certification as a part of the work experience and training component. Certification may be achieved through licensing, apprenticeship, or other education programs.

Subd. 8. [PROGRAM BENEFITS.] *As a condition of providing lead abatement under this section, an organization may require a property owner to not increase rents on a property solely as a result of a substantial improvement made with public funds under the programs in this section.*

Subd. 9. [REQUIREMENTS OF ORGANIZATIONS RECEIVING GRANTS.] *An eligible organization that is awarded a training and demonstration grant under this section shall prepare and submit a quarterly progress report to the commissioner beginning three months after receipt of the grant.*

Subd. 10. [REPORT.] *Beginning in the year in which an appropriation is received, the commissioner shall prepare and submit a lead abatement program report to the legislature and the governor by December 31, and every two years thereafter. At a minimum, the report must describe the programs that received grants under this section, and make recommendations for program changes.*

Sec. 91. Minnesota Statutes 1992, section 268.975, subdivision 3, is amended to read:

Subd. 3. [DISLOCATED WORKER.] "Dislocated worker" means an individual who *is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and*:

(1) has been terminated or who has received a notice of termination from *public or private sector* employment, is eligible for or has exhausted entitlement to unemployment compensation, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age; *or*

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner; ~~or~~

~~(5) has been terminated or who has received a notice of termination from employment with a public or nonprofit employer.~~

~~A dislocated worker must have been working in Minnesota at the time employment ceased~~.

Sec. 92. Minnesota Statutes 1992, section 268.975, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE ORGANIZATION.] "Eligible organization" means a local government unit, nonprofit organization, community action agency,

business organization or association, or labor organization ~~that has applied for a prefeasibility grant under section 268.978~~.

Sec. 93. Minnesota Statutes 1992, section 268.975, subdivision 6, is amended to read:

Subd. 6. [PLANT CLOSING.] "Plant closing" means the announced or actual permanent ~~or temporary~~ shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment~~, if the shutdown results in an employment loss at the single site of employment during any 30-day period for (a) 50 or more employees excluding employees who work less than 20 hours per week; or (b) at least 500 employees who in the aggregate work at least 20,000 hours per week, exclusive of hours of overtime~~.

Sec. 94. Minnesota Statutes 1992, section 268.975, subdivision 7, is amended to read:

Subd. 7. [PREFEASIBILITY STUDY GRANT; ~~GRANT.~~] "Prefeasibility study grant" ~~or "grant"~~ means the grant awarded under section 268.978.

Sec. 95. Minnesota Statutes 1992, section 268.975, subdivision 8, is amended to read:

Subd. 8. [SUBSTANTIAL LAYOFF.] "Substantial layoff" means a *permanent* reduction in the work force, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for ~~(a)~~ at least 50 employees excluding those employees that work less than 20 hours a week~~; or (b) at least 500 employees who in the aggregate work at least 20,000 hours per week, exclusive of hours of overtime~~.

Sec. 96. Minnesota Statutes 1992, section 268.975, is amended by adding a subdivision to read:

Subd. 9. [SUBSTATE GRANTEE.] *"Substate grantee" means the agency or organization designated to administer at the local level federal dislocated worker programs pursuant to the federal Job Training Partnership Act, United States Code, title 29, section 1501, et seq.*

Sec. 97. Minnesota Statutes 1992, section 268.975, is amended by adding a subdivision to read:

Subd. 10. [WORKER ADJUSTMENT SERVICES.] *"Worker adjustment services" means the array of employment and training services designed to assist dislocated workers make the transition to new employment, including basic readjustment assistance, training assistance, and support services.*

Sec. 98. Minnesota Statutes 1992, section 268.975, is amended by adding a subdivision to read:

Subd. 11. [BASIC READJUSTMENT ASSISTANCE.] *"Basic readjustment assistance" means employment transition services that include, but are not limited to: development of individual readjustment plans for participants; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment, including evaluation of educational attainment and participant interests and aptitudes; determination of occupational skills; provision of occupational information; job placement assistance; labor market information; job clubs; job search; job development; prelayoff*

assistance; relocation assistance; and programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs.

Sec. 99. Minnesota Statutes 1992, section 268.975, is amended by adding a subdivision to read:

Subd. 12. [TRAINING ASSISTANCE.] *"Training assistance" means services that will enable a dislocated worker to become reemployed by retraining for a new occupation or industry, enhancing current skills, or relocating to employ existing skills. Training services include, but are not limited to: classroom training; occupational skill training; on-the-job training; out-of-area job search; relocation; basic and remedial education; literacy and English for training non-English speakers; entrepreneurial training; and other appropriate training activities directly related to appropriate employment opportunities in the local labor market.*

Sec. 100. Minnesota Statutes 1992, section 268.975, is amended by adding a subdivision to read:

Subd. 13. [SUPPORT SERVICES.] *"Support services" means assistance provided to dislocated workers to enable their participation in an employment transition and training program. Services include, but are not limited to: family care assistance, including child care; commuting assistance; housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program.*

Sec. 101. [268.9755] [GOVERNOR'S JOB TRAINING COUNCIL.]

Subdivision 1. [DEFINITION.] *For purposes of sections 268.022 and 268.975 to 268.98, "governor's job training council" means the state job training coordinating council established under the federal Job Training Partnership Act, United States Code, title 29, section 1501, et seq.*

Subd. 2. [DUTIES.] *The governor's job training council shall provide advice to the commissioner on:*

(1) the use of funds made available under section 268.022, including methods for allocation and reallocation of funds and the allocation of funds among employment and training activities authorized under sections 268.975 to 268.98;

(2) performance standards for programs and activities authorized under sections 268.975 to 268.98;

(3) approval of worker adjustment services plans and dislocation event services grants;

(4) establishing priorities for provision of worker adjustment services to eligible dislocated workers; and

(5) the effectiveness of programs and activities authorized in sections 268.975 to 268.98.

Sec. 102. Minnesota Statutes 1992, section 268.976, subdivision 2, is amended to read:

Subd. 2. [NOTICE.] *(a)* The commissioner shall encourage those business establishments considering a decision to effect a plant closing, substantial layoff, or relocation of operations located in this state to give notice of that decision as early as possible to the commissioner, the employees of the affected establishment, any employee organization representing the employees, and the local government unit in which the affected establishment is located. This notice shall be in addition to any notice required under the Worker Adjustment and Retraining Notification Act, United States Code, title 29, section 2101.

(b) Notwithstanding section 268.975, subdivision 6, for purposes of this section, "plant closing" means the announced or actual permanent or temporary shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment, if the shutdown results in an employment loss at the single site of employment during any 30-day period for 50 or more employees excluding employees who work less than 20 hours per week.

Sec. 103. [268.9771] [RAPID AND EXPEDITIOUS RESPONSE.]

Subdivision 1. [RESPONSIBILITY.] *The commissioner shall respond quickly and effectively to announced or actual plant closings and substantial layoffs. Affected workers and employers, as well as appropriate business organizations or associations, labor organizations, substate grantees, state and local government units, and community organizations shall be assisted by the commissioner through either rapid response activities or expeditious response activities as described in this section to respond effectively to a plant closing or mass layoff.*

Subd. 2. [COVERAGE.] *Rapid response is to be provided by the commissioner where permanent plant closings or substantial layoffs affect at least 50 workers over a 30-day period as evidenced by actual separation from employment or by advance notification of a closing or layoff. Expeditious response is to be provided by worker adjustment services plan grantees in coordination with rapid response activities or where permanent plant closings and substantial layoffs are not otherwise covered by rapid response.*

Subd. 3. [COORDINATION.] *The commissioner and expeditious response grantees shall coordinate their respective rapid response and expeditious response activities. The roles and responsibilities of each shall be detailed in written agreements and address on-site contact with employer and employee representatives when notified of a plant closing or substantial layoff. The activities include formation of a community task force, collecting and disseminating information related to economic dislocation and available services to dislocated workers, providing basic readjustment assistance services to workers affected by a plant closure or substantial layoff, conducting a needs assessment survey of workers, and developing a plan of action responsive to the worker adjustment services needs of affected workers.*

Subd. 4. [RAPID RESPONSE ACTIVITIES.] *The commissioner shall be responsible for implementing the following rapid response activities:*

(1) establishing on-site contact with employer and employee representatives within a short period of time after becoming aware of a current or projected plant closing or substantial layoff in order to:

(i) provide information on and facilitate access to available public programs and services; and

(ii) provide emergency assistance adapted to the particular closure or layoff;

(2) promoting the formation of a labor-management committee by providing:

(i) immediate assistance in the establishment of the labor-management committee;

(ii) technical advice and information on sources of assistance, and liaison with other public and private services and programs; and

(iii) assistance in the selection of worker representatives in the event no union is present;

(3) collecting and disseminating information related to economic dislocation, including potential closings or layoffs, and all available resources with the state for dislocated workers;

(4) providing or obtaining appropriate financial and technical advice and liaison with economic development agencies and other organizations to assist in effort to avert dislocations;

(5) disseminating information throughout the state on the availability of services and activities carried out by the dislocated worker unit;

(6) assisting the local community in developing its own coordinated response to a plant closing or substantial layoff and access to state economic development assistance; and

(7) promoting the use of prefeasibility study grants under section 268.978.

Subd. 5. [EXPEDITIOUS RESPONSE ACTIVITIES.] *Grantees designated to provide worker adjustment services through worker adjustment services plans shall be responsible for implementing the following expeditious response activities:*

(1) establishing on-site contact with employer and employee representatives, not otherwise covered under rapid response, within a short period of time after becoming aware of a current or projected plant closing or mass layoff in order to provide information on available public programs and services;

(2) obtaining appropriate financial and technical advice and liaison with local economic development agencies and other organizations to assist in efforts to avert dislocations;

(3) disseminating information on the availability of services and activities carried out by the grantee through its worker adjustment services plan;

(4) providing basic readjustment assistance services for up to 90 days following the initial on-site meeting with the employer and employee representatives;

(5) assisting the local community in the development of its own coordinated response to the closure or layoff and access to economic development assistance;

(6) facilitating the formation of a community task force, if appropriate, to formulate a service plan to assist affected dislocated workers from plant closings and mass layoffs;

(7) conducting surveys of workers, if appropriate, affected by plant closings or layoffs to identify worker characteristics and worker adjustment service needs; and

(8) facilitating access to available public or private programs and services, including the development of proposals to provide access to additional resources to assist workers affected by plant closings and substantial layoffs.

Sec. 104. Minnesota Statutes 1992, section 268.978, subdivision 1, is amended to read:

Subdivision 1. [PREFEASIBILITY STUDY GRANTS.] (a) The commissioner may make grants for up to ~~$10,000~~ *$15,000* to eligible organizations to provide an initial assessment of the feasibility of alternatives to plant closings or substantial layoffs. The alternatives may include employee ownership, other new ownership, new products or production processes, or public financial or technical assistance to keep a plant open. Two or more eligible organizations may jointly apply for a grant under this section.

(b) Interested organizations shall apply to the commissioner for the grants. As part of the application process, applicants must provide a statement of need for a grant, information relating to the work force at the plant, the area's unemployment rate, the community's and surrounding area's labor market characteristics, information of efforts to coordinate the community's response to the plant closing or substantial layoff, a timetable of the prefeasibility study, a description of the organization applying for the grant, a description of the qualifications of persons conducting the study, and other information required by the commissioner.

(c) The commissioner shall respond to the applicant within five working days of receiving the organization's application. The commissioner shall inform each organization that applied for but did not receive a grant the reasons for the grant not being awarded. The commissioner may request further information from those organizations that did not receive a grant, and the organization may reapply for the grant.

Sec. 105. [268.9781] [WORKER ADJUSTMENT SERVICES PLANS.]

Subdivision 1. [WORKER ADJUSTMENT SERVICES PLANS.] *The commissioner shall establish and fund worker adjustment services plans that are designed to assist dislocated workers in their transition to new employment. Authorized grantees shall submit a worker adjustment services plan biennially, with an annual update, in a form and manner prescribed by the commissioner. The worker adjustment services plan shall include information required in substate plans established under the federal Job Training Partnership Act, United States Code, title 29, section 1501, et seq. and a detailed description of expeditious response activities to be implemented under the plan.*

Subd. 2. [GRANTEES.] *Entities authorized to submit a worker adjustment services plan include substate grantees and up to six additional eligible organizations. Criteria for selecting the six authorized nonsubstate grantee eligible organizations shall be established by the commissioner, in consulta-*

tion with the governor's job training council. The criteria include, but are not limited to:

(1) the capacity to deliver worker adjustment services;

(2) an identifiable constituency from which eligible dislocated workers may be drawn;

(3) a demonstration of a good faith effort to establish coordination agreements with substate grantees in whose geographic area the organization would be operating;

(4) the capability to coordinate delivery of worker adjustment services with other appropriate programs and agencies, including educational institutions, employment service, human service agencies, and economic development agencies; and

(5) sufficient administrative controls to ensure fiscal accountability.

Subd. 3. [COVERAGE.] *(a) Persons eligible to receive worker adjustment services under this section include dislocated workers as defined in section 268.975, subdivision 3.*

(b) Worker adjustment services available under this section shall also be available to additional dislocated workers as defined in section 268.975, subdivision 3a, when they can be provided without adversely affecting delivery of services to all dislocated workers.

Subd. 4. [SUBSTATE GRANTEE FUNDING.] *(a) Funds allocated to substate grantees under section 268.022 for expeditious response activities and worker adjustment services under this section shall be allocated as follows:*

(1) one-half of available funds shall be allocated to substate grantees based on an allocation formula prescribed by the commissioner, in consultation with the governor's job training council; and

(2) one-half of available funds shall be allocated based on need as demonstrated to the commissioner in consultation with the governor's job training council.

(b) The formula for allocating substate grantee funds must utilize the most appropriate information available to the commissioner to distribute funds in order to address the state's worker adjustment assistance needs. Information for the formula allocation may include, but is not limited to:

(1) insured unemployment data;

(2) dislocated worker special assessment receipts data;

(3) small plant closing data;

(4) declining industries data;

(5) farmer-rancher economic hardship data; and

(6) long-term unemployment data.

(c) The commissioner shall establish a uniform procedure for reallocating substate grantee funds. The criteria for reallocating funds from substate grantees not expending their allocations consistent with their worker adjust-

ment services plans to other substate grantees shall be developed by the commissioner in consultation with the governor's job training council.

Sec. 106. [268.9782] [DISLOCATION EVENT SERVICES GRANTS.]

Subdivision 1. [DISLOCATION EVENT SERVICES GRANTS.] *The commissioner shall establish and fund dislocation event services grants designed to provide worker adjustment services to workers displaced as a result of larger plant closings and substantial layoffs. Grantees shall apply for a dislocation event services grant by submitting a proposal to the commissioner in a form and manner prescribed by the commissioner. The application must describe the demonstrated need for intervention, including the need for retraining, the workers to be served, the coordination of available local resources, the services to be provided, and the budget plan.*

Subd. 2. [GRANTEES.] *(a) Entities authorized to submit dislocation event services grants include substate grantees and other eligible organizations. Nonsubstate grantees shall demonstrate they meet criteria established by the commissioner, in consultation with the governor's job training council. The criteria include, but are not limited to:*

(1) the capacity to deliver worker adjustment services;

(2) an ability to coordinate its activities with substate grantees in whose geographic area the organization will be operating;

(3) the capability to coordinate delivery of worker adjustment services with other appropriate programs and agencies, including educational institutions, employment service, human service agencies, and economic development agencies; and

(4) sufficient administrative controls to ensure fiscal accountability.

(b) For purposes of this section, the state job service may apply directly to the commissioner for a dislocation event services grant only if the effect of a plant closing or substantial layoff is statewide or results in the termination from employment of employees of the state of Minnesota.

Subd. 3. [COVERAGE.] *Persons who may receive worker adjustment services under this section are limited to dislocated workers affected by plant closings and substantial layoffs involving at least 50 workers from a single employer.*

Subd. 4. [FUNDING.] *The commissioner, in consultation with the governor's job training council, may establish an emergency funding process for dislocation event services grants. No more than 20 percent of the estimated budget of the proposed grant may be awarded through this procedure. The grantee shall submit a formal dislocation event services grant application within 90 days of the initial award of emergency funding.*

Sec. 107. Minnesota Statutes 1992, section 268.98, is amended to read:

268.98 [PERFORMANCE STANDARDS, *REPORTING, COST LIMITATIONS.*]

~~(a)~~ *Subdivision 1.* [PERFORMANCE STANDARDS.] The commissioner shall establish performance standards for the programs and activities administered or funded ~~through the rapid response program~~ under ~~section 268.977~~ *sections 268.975 to 268.98*. The commissioner may use, *when appropriate,*

existing federal performance standards or, if the commissioner determines that the federal standards are inadequate or not suitable, may formulate new performance standards to ensure that the programs and activities of the ~~rapid response program~~ *dislocated worker program* are effectively administered.

~~(b) Not less than 20 percent of the funds expended under this section must be used to provide needs-related payments and other supportive services as those terms are used in subchapter III of the Job Training Partnership Act, United States Code, title 29, section 1661d(b). This requirement does not apply to the extent that a program proposal requests less than 20 percent of such funds. At the end of the fiscal year, each substate grantee and each grant recipient shall report to the commissioner on the types of services funded under this paragraph and the amounts expended for such services. By January 15 of each year, the commissioner shall provide a summary report to the legislature.~~

Subd. 2. [REPORTS.] *(a) Grantees receiving funds under sections 268.9771, 268.978, 268.9781, and 268.9782 shall report to the commissioner information on program participants, activities funded, and utilization of funds in a form and manner prescribed by the commissioner.*

(b) The commissioner shall report quarterly to the governor's job training council information on prefeasibility study grants awarded, rapid response and expeditious response activities, worker adjustment services plans, and dislocation event services grants. Specific information to be reported shall be by agreement between the commissioner and the governor's job training council.

(c) The commissioner shall provide an annual report to the governor, legislature, and the governor's job training council on the administration of the programs funded under sections 268.9771, 268.978, 268.9781, and 268.9782.

Subd. 3. [COST LIMITATIONS.] *(a) For purposes of sections 268.9781 and 268.9782, funds allocated to a grantee are subject to the following limitations:*

(1) a maximum of 15 percent for administration in a worker adjustment services plan and ten percent in a dislocation event services grant;

(2) a minimum of 50 percent for provision of training assistance;

(3) a minimum of ten percent and maximum of 30 percent for provision of support services; and

(4) the balance used for provision of basic readjustment assistance.

(b) A waiver of the cost limitation on providing training assistance may be requested. The waiver may not permit less than 30 percent of the funds be spent on training assistance.

(c) The commissioner shall prescribe the form and manner for submission of an application for a waiver under paragraph (b). Criteria for granting a waiver shall be established by the commissioner in consultation with the governor's job training council.

Sec. 108. Minnesota Statutes 1992, section 298.2211, subdivision 3, is amended to read:

Subd. 3. [PROJECT APPROVAL.] All projects authorized by this section shall be submitted by the commissioner to the iron range resources and rehabilitation board, which shall recommend approval or disapproval or modification of the projects. ~~Each project shall then be submitted to the legislative advisory committee for any review and comment the committee deems appropriate.~~ Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project, as so approved by the board and the applicable governing bodies, if any, together with ~~any comment provided by the legislative advisory committee,~~ detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 109. Minnesota Statutes 1992, section 298.2213, subdivision 4, is amended to read:

Subd. 4. [PROJECT APPROVAL.] The board shall by August 1, 1987, and each year thereafter prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by at least eight iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects must be submitted to the ~~legislative advisory commission for its review. The list with the recommendation of the legislative advisory commission must be submitted to the~~ governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time. ~~Supplemental projects must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by a member is for further review, the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 110. Minnesota Statutes 1992, section 298.223, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION.] The taconite environmental protection fund shall be administered by the commissioner of the iron range resources and rehabilitation board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the iron range resources and rehabilitation board, this list shall be submitted to the ~~legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the~~ governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the governor. The commissioner may submit supplemental projects for approval at any time. ~~Supplemental projects approved by the board must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 111. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor ~~and the legislative advisory commission~~.

Sec. 112. Minnesota Statutes 1992, section 298.296, subdivision 1, is amended to read:

Subdivision 1. [PROJECT APPROVAL.] The board shall by August 1 of each year prepare a list of projects to be funded from the northeast Minnesota economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by at least eight iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects shall be submitted to the ~~legislative advisory commission for its review. The list with the recommendation of the legislative advisory commission shall be submitted to the~~ governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time. ~~Supplemental projects must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 113. Minnesota Statutes 1992, section 303.13, subdivision 1, is amended to read:

Subdivision 1. [FOREIGN CORPORATION.] A foreign corporation shall be subject to service of process, as follows:

(1) By service on its registered agent;

(2) When any foreign corporation authorized to transact business in this state fails to appoint or maintain in this state a registered agent upon whom service of process may be had, or whenever any registered agent cannot be found at its registered office in this state, as shown by the return of the sheriff of the county in which the registered office is situated, or by an affidavit of attempted service by any person not a party, or whenever any corporation withdraws from the state, or whenever the certificate of authority of any foreign corporation is revoked or canceled, service may be made by delivering to and leaving with the secretary of state, or with any *authorized* deputy or clerk in the ~~corporation department of the~~ secretary of state's office, two copies thereof and a fee of ~~$35~~ *$50*; provided, that after a foreign corporation withdraws from the state, pursuant to section 303.16, service upon the corporation may be made pursuant to the provisions of this section only when based upon a liability or obligation of the corporation incurred within this

state or arising out of any business done in this state by the corporation prior to the issuance of a certificate of withdrawal.

(3) If a foreign corporation makes a contract with a resident of Minnesota to be performed in whole or in part by either party in Minnesota, or if a foreign corporation commits a tort in whole or in part in Minnesota against a resident of Minnesota, such acts shall be deemed to be doing business in Minnesota by the foreign corporation and shall be deemed equivalent to the appointment by the foreign corporation of the secretary of the state of Minnesota and successors to be its true and lawful attorney upon whom may be served all lawful process in any actions or proceedings against the foreign corporation arising from or growing out of the contract or tort. Process shall be served in duplicate upon the secretary of state, together with *the address to which service is to be sent and* a fee of ~~$35~~ *$50* and the secretary of state shall mail one copy thereof to the corporation at ~~its~~ *the* last ~~known~~ address *listed on the records of the secretary of state or the address provided by the party requesting service*, and the corporation shall have 30 days within which to answer from the date of the mailing, notwithstanding any other provision of the law. The making of the contract or the committing of the tort shall be deemed to be the agreement of the foreign corporation that any process against it which is so served upon the secretary of state shall be of the same legal force and effect as if served personally on it within the state of Minnesota.

Sec. 114. Minnesota Statutes 1992, section 303.21, subdivision 3, is amended to read:

Subd. 3. [OTHER INSTRUMENTS.] A fee of ~~$35~~ *$50* shall be paid to the secretary of state for filing any instrument, other than the annual report required by section 303.14, required or permitted to be filed under the provisions of this chapter. For filing the annual report a fee of $20 must be paid to the secretary of state. The fees shall be paid at the time of the filing of the instrument.

Sec. 115. Minnesota Statutes 1992, section 322A.16, is amended to read:

322A.16 [FILING IN OFFICE OF SECRETARY OF STATE.]

(a) A signed copy of the certificate of limited partnership, of any certificates of amendment or cancellation or of any judicial decree of amendment or cancellation shall be delivered to the secretary of state. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of the executor's authority as a prerequisite to filing. Unless the secretary of state finds that any certificate does not conform to law, upon receipt of a ~~$35~~ *$50* filing fee and, in the case of a certificate of limited partnership, a ~~$60~~ *$50* initial fee, the secretary shall:

(1) endorse on the original the word "Filed" and the day, month and year of the filing; and

(2) return the original to the person who filed it or a representative.

(b) Upon the filing of a certificate of amendment or judicial decree of amendment in the office of the secretary of state, the certificate of limited partnership shall be amended as set forth in the amendment, and upon the effective date of a certificate of cancellation or a judicial decree of it, the certificate of limited partnership is canceled.

Sec. 116. Minnesota Statutes 1992, section 333.20, subdivision 4, is amended to read:

Subd. 4. The application for registration shall be accompanied by a filing fee of ~~$35~~ *$50*, payable to the secretary of state~~; provided, however, that a single credit of $10 shall be given each applicant applying for reregistration of a mark hereunder for each $10 filing fee paid by applicant for registration of the same trademark prior to the effective date of sections 333.18 to 333.31~~.

Sec. 117. Minnesota Statutes 1992, section 333.22, subdivision 1, is amended to read:

Subdivision 1. Registration of a mark hereunder shall be effective for a term of ten years from the date of registration and, upon application filed within six months prior to the expiration of such term or a renewal thereof, on a form to be furnished by the secretary of state, the registration may be renewed for additional ten-year terms provided that the mark is in use by the applicant at the time of the application for renewal and that there are no intervening rights. A renewal fee of ~~$22~~ *$25* payable to the secretary of state shall accompany the application for renewal of the registration.

Sec. 118. Minnesota Statutes 1992, section 336.9-403, is amended to read:

336.9-403 [WHAT CONSTITUTES FILING; DURATION OF FILING; EFFECT OF LAPSED FILING; DUTIES OF FILING OFFICER.]

(1) Presentation for filing of a financing statement and tender of the filing fee or acceptance of the statement by the filing officer constitutes filing under this article.

(2) Except as provided in subsection (6) a filed financing statement is effective for a period of five years from the date of filing. The effectiveness of a filed financing statement lapses on the expiration of the five-year period unless a continuation statement is filed prior to the lapse. If a security interest perfected by filing exists at the time insolvency proceedings are commenced by or against the debtor, the security interest remains perfected until termination of the insolvency proceedings and thereafter for a period of 60 days or until expiration of the five-year period, whichever occurs later regardless of whether the financing statement filed as to that security interest is destroyed by the filing officer pursuant to subsection (3). Upon lapse the security interest becomes unperfected, unless it is perfected without filing. If the security interest becomes unperfected upon lapse, it is deemed to have been unperfected as against a person who became a purchaser or lien creditor before lapse.

(3) A continuation statement may be filed by the secured party within six months prior to the expiration of the five-year period specified in subsection (2). Any such continuation statement must be signed by the secured party, set forth the name, social security number or other tax identification number of the debtor, and address of the debtor and secured party as those items appear on the original financing statement or the most recently filed amendment, identify the original statement by file number and filing date, and state that the original statement is still effective. A continuation statement signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of section 336.9-405, including payment of the required fee. Upon timely filing of the continuation statement, the

effectiveness of the original statement is continued for five years after the last date to which the filing was effective whereupon it lapses in the same manner as provided in subsection (2) unless another continuation statement is filed prior to such lapse. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the original statement. Unless a statute on disposition of public records provides otherwise, the filing officer may remove a lapsed statement from the files and destroy it immediately if the officer has retained a microfilm or other photographic record, or in other cases after one year after the lapse. The filing officer shall so arrange matters by physical annexation of financing statements to continuation statements or other related filings, or by other means, that if the officer physically destroys the financing statements of a period more than five years past, those which have been continued by a continuation statement or which are still effective under subsection (6) shall be retained. If insolvency proceedings are commenced by or against the debtor, the secured party shall notify the filing officer both upon commencement and termination of the proceedings, and the filing officer shall not destroy any financing statements filed with respect to the debtor until termination of the insolvency proceedings. The security interest remains perfected until termination of the insolvency proceedings and thereafter for a period of 60 days or until expiration of the five-year period, whichever occurs later.

(4) Except as provided in subsection (7) a filing officer shall mark each statement with a file number and with the date and hour of filing and shall hold the statement or a microfilm or other photographic copy thereof for public inspection. In addition the filing officer shall index the statements according to the name of the debtor and shall note in the index the file number, the address of the debtor given in the statement, and the social security number or other tax identification number of the debtor given in the statement.

(5) The secretary of state shall prescribe uniform forms for statements and samples thereof shall be furnished to all filing officers in the state. The uniform fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing ~~for an original financing statement or for a continuation statement shall be $7 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be $10, plus in each case, if the financing statement is subject to subsection (5) of section 336.9-402, $5. An additional fee of $7 shall be collected if more than one name is required to be indexed or if the secured party chooses to show a trade name for any debtor listed. The uniform fee collected for the filing of an amendment to a financing statement if the amendment is in the standard form prescribed by the secretary of state and does not add additional debtor names to the financing statement shall be $7. The fee for an amendment adding additional debtor names shall be $14 if the amendment is in the form prescribed by the secretary of state and, if otherwise, $17. The fee for an amendment which is not in the form prescribed by the secretary of state but which does not add additional names shall be $10.~~:

(a) for an original financing statement or statement of continuation on a standard form prescribed by the secretary of state, is $15 for up to two debtor names and $15 for each additional name thereafter;

(b) for an original financing statement or statement of continuation that is not on a standard form prescribed by the secretary of state, is $20 for up to two debtor names and $20 for each additional name thereafter;

(c) for an amendment on a standard form prescribed by the secretary of state that does not add debtor names, is $15;

(d) for an amendment that is not on a standard form prescribed by the secretary of state and that does not add debtor names, is $20;

(e) for an amendment on a standard form prescribed by the secretary of state that does add debtor names, is $15 per debtor name;

(f) for an amendment that is not on a standard form prescribed by the secretary of state that does add debtor names, is $20 per debtor name; and

(g) for each case in which the filing is subject to subsection (5) of section 336.9-402, $5 in addition to the fee required above.

In no case will a filing officer accept more than four additional pages per financing statement for filing in the uniform commercial code records.

The secretary of state shall adopt rules for filing, amendment, continuation, termination, removal, and destruction of financing statements.

(6) If the debtor is a transmitting utility (subsection (5) of section 336.9-401) and a filed financing statement so states, it is effective until a termination statement is filed. A real estate mortgage which is effective as a fixture filing under subsection (6) of section 336.9-402 remains effective as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real estate.

(7) When a financing statement covers timber to be cut or covers minerals or the like (including oil and gas) or accounts subject to subsection (5) of section 336.9-103, or is filed as a fixture filing, it shall be filed for record and the filing officer shall index it under the names of the debtor and any owner of record shown on the financing statement in the same fashion as if they were the mortgagors in a mortgage of the real estate described, and, to the extent that the law of this state provides for indexing of mortgages under the name of the mortgagee, under the name of the secured party as if the secured party were the mortgagee thereunder, or, for filing offices other than the secretary of state, where indexing is by description in the same fashion as if the financing statement were a mortgage of the real estate described. If requested of the filing officer on the financing statement, a financing statement filed for record as a fixture filing in the same office where nonfixture filings are made is effective, without a dual filing, as to collateral listed thereon for which filing is required in such office pursuant to section 336.9-401 (1) (a); in such case, the filing officer shall also index the recorded statement in accordance with subsection (4) using the recording data in lieu of a file number.

(8) The fees provided for in this article shall supersede the fees for similar services otherwise provided for by law except in the case of security interests filed in connection with a certificate of title on a motor vehicle.

Sec. 119. Minnesota Statutes 1992, section 336.9-404, is amended to read:

336.9-404 [TERMINATION STATEMENT.]

(1) If a financing statement covering consumer goods is filed on or after January 1, 1977, then within one month or within ten days following written demand by the debtor after there is no outstanding secured obligation and no commitment to make advances, incur obligations or otherwise give value, the

secured party must file with each filing officer with whom the financing statement was filed, a termination statement to the effect that the secured party no longer claims a security interest under the financing statement. The termination statement must set forth the name and address of the debtor and secured party as those items appear on the original financing statement or the most recently filed amendment; identify the original financing statement by file number and filing date; and be signed by the secured party. In other cases whenever there is no outstanding secured obligation and no commitment to make advances, incur obligations, or otherwise give value, the secured party must on written demand by the debtor send the debtor, for each filing officer with whom the financing statement was filed, a termination statement to the effect that the secured party no longer claims a security interest under the financing statement, which shall be identified by file number. A termination statement signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of section 336.9-405, including payment of the required fee. If the affected secured party fails to file such a termination statement as required by this subsection, or to send such a termination statement within ten days after proper demand therefor the secured party shall be liable to the debtor for $100, and in addition for any loss caused to the debtor by such failure.

(2) On being presented with such a termination statement the filing officer must note it in the index. If a duplicate termination statement is provided, the filing officer shall return one copy of the termination statement to the secured party stamped to show the time of receipt thereof. If the filing officer has a microfilm or other photographic record of the financing statement, and of any related continuation statement, statement of assignment and statement of release, the filing officer may remove the originals from the files at any time after receipt of the termination statement, or having no such record, the filing officer may remove them from the files at any time after one year after receipt of the termination statement.

(3) There shall be no fee collected for the filing of a termination if the termination statement is in the standard form prescribed by the secretary of state ~~and otherwise shall be $5, plus in each case,~~. *The fee for filing a termination statement on a form that is not the standard form prescribed by the secretary of state is $5.* If the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision 1, clause (1), *is also required.*

Sec. 120. Minnesota Statutes 1992, section 336.9-405, is amended to read:

336.9-405 [ASSIGNMENT OF SECURITY INTEREST; DUTIES OF FILING OFFICER; FEES.]

(1) A financing statement may disclose an assignment of a security interest in the collateral described in the financing statement by indication in the financing statement of the name and address of the assignee or by an assignment itself or a copy thereof on the face of the statement. On presentation to the filing officer of such a financing statement the filing officer shall mark the same as provided in section 336.9-403, clause (4). The uniform fee for filing, indexing, and furnishing filing data for a financing statement so indicating an assignment shall be the same as the fee prescribed in section 336.9-403, clause (5).

(2) A secured party of record may record an assignment of all or a part of the secured party's rights under a financing statement ~~by the filing~~. *The assignment must be filed* in the place where the original financing statement was filed ~~of a separate written statement of~~. *The* assignment *must be* signed by the secured party of record~~, setting forth~~. *The assignment must state: (i)* the name and address of the secured party of record and the debtor as those items appear on the original financing statement or the most recently filed amendment, ~~identifying~~ *(ii)* the file number and the date of filing of the financing statement, ~~giving~~ *(iii)* the name and address of the assignee, and ~~containing~~ *(iv)* a description of the collateral assigned. A copy of the assignment is sufficient ~~as a separate statement~~ if it complies with the preceding sentence.

On presentation to the filing officer of such a ~~separate~~ statement, the filing officer shall mark such separate statement with the date and hour of the filing. The filing officer shall note the assignment on the index of the financing statement, or in the case of a fixture filing, or a filing covering timber to be cut, or covering minerals or the like (including oil and gas) or accounts subject to subsection (5) of section 336.9-103. The filing officer shall also index the assignment under the name of the assignor as grantor and, to the extent that the law of this state provides for indexing the assignment of a mortgage under the name of the assignee, index the assignment of the financing statement under the name of the assignee.

The uniform fee for filing, indexing, and furnishing filing data about such a ~~separate~~ statement of assignment shall be ~~$7~~ *$15 for up to two debtor names and $15 for each additional name thereafter* if the statement is in the standard form prescribed by the secretary of state ~~and otherwise shall be $10, plus~~. *If the statement is in a form that is not the standard form prescribed by the secretary of state, the fee is $20 for up to two debtor names and $20 for each additional name thereafter.* In each case~~,~~ ~~if~~ *where* the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision 1, clause (1), *is also required*. ~~An additional fee of $7 shall be charged if there is more than one name against which the statement of assignment is required to be indexed.~~

Notwithstanding the provisions of this subsection, an assignment of record of a security interest in a fixture contained in a mortgage effective as a fixture filing (subsection (6) of section 336.9-402) may be made only by an assignment of the mortgage in the manner provided by the law of this state other than Laws 1976, chapter 135.

(3) After the disclosure or filing of an assignment under this section, the assignee is the secured party of record.

Sec. 121. Minnesota Statutes 1992, section 336.9-406, is amended to read:

336.9-406 [RELEASE OF COLLATERAL; DUTIES OF FILING OFFICER; FEES.]

A secured party of record may by signed statement release all or a part of any collateral described in a filed financing statement. The statement of release is sufficient if it contains a description of the collateral being released, the name and address of the debtor and secured party as those items appear on the original financing statement or the most recently filed amendment, and identifies the original financing statement by file number and filing date. A statement of release signed by a person other than the secured party of record

must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of section 336.9-405, including payment of the required fee. Upon being presented with such a statement of release the filing officer shall mark the statement with the hour and date of filing ~~and shall note the same upon the margin of the index of the filing of the financing statement~~. The uniform fee for filing and noting such a statement of release shall be ~~$7~~ *$15* if the statement is in the standard form prescribed by the secretary of state ~~and otherwise shall be $10, plus in each case,~~. If *the statement is not on the standard form prescribed by the secretary of state, the fee is $20. If* the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision 1, clause (1), *is also required.*

Sec. 122. Minnesota Statutes 1992, section 336.9-407, is amended to read:

336.9-407 [INFORMATION FROM FILING OFFICER.]

(1) If the person filing any financing statement, termination statement, statement of assignment, or statement of release, furnishes the filing officer a copy thereof, the filing officer shall upon request note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(2) Upon request of any person, the filing officer shall conduct a search of the statewide computerized uniform commercial code data base for any ~~effective~~ *active* financing statements naming a particular debtor ~~and any statement of assignment thereof~~. The filing officer shall report the findings as of ~~that~~ *the* date and hour *of the search* by issuing:

(a) a certificate listing the file number, date, and hour of each filing and the names and addresses of each secured party ~~therein~~;

(b) photocopies of those original documents on file and located in the office of the filing officer; or

(c) upon request, both the certificate and the photocopies referred to in (b).

The uniform fee for conducting the search and for preparing a certificate ~~showing up to five listed filings or for preparing up to five photocopies of original documents, or any combination of up to five listed filings and photocopies,~~ shall be ~~$7~~ *$15* if the request is in the standard form prescribed by the secretary of state ~~and otherwise~~. *This uniform fee shall include up to ten photocopies of original documents. If the request for information is made on a form other than the standard form prescribed by the secretary of state, the fee* shall be ~~$10~~ *$20 and shall include up to ten photocopies of original documents.*

Another fee, at the same rate, shall also be charged for conducting a search and preparing a certificate showing federal and state tax liens on file with the filing officer naming a particular debtor.

There shall be an additional fee of ~~50 cents~~ *$1 per page* for each financing statement ~~and each statement of assignment~~ or tax lien listed on the certificate and for each photocopy prepared in excess of the first ~~five~~ *ten.*

Notwithstanding the fees set in this section, a natural person who is the subject of data must, upon the person's request, be shown the data without charge, and upon request be provided with photocopies of the data upon payment of no more than the actual cost of making the copies.

Sec. 123. Minnesota Statutes 1992, section 336.9-413, is amended to read:

336.9-413 [UNIFORM COMMERCIAL CODE ACCOUNT.]

(a) The uniform commercial code account is established as an account in the state treasury.

(b) The filing officer with whom a financing statement, amendment, assignment, statement of release, or continuation statement is filed, or to whom a request for search is made, shall collect ~~a $4~~ *the filing fee and forward $5 of that fee as a* surcharge on each filing or search~~, except that the surcharge is $5 during the fiscal year ending June 30, 1993~~. By the 15th day following the end of each fiscal quarter, each county recorder shall forward the receipts from the surcharge accumulated during that fiscal quarter to the secretary of state. The surcharge does not apply to a search request made by a natural person who is the subject of the data to be searched except when a certificate is requested as a part of the search.

(c) The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the general fund.

(d) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under sections 336.9-411 to 336.9-413 must be deposited in the state treasury and credited to the uniform commercial code account.

(e) Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the uniform commercial code account.

(f) Money in the uniform commercial code account is continuously appropriated to the secretary of state to implement and maintain the computerized uniform commercial code filing system under section 336.9-411 and to provide electronic-view-only access to other computerized records maintained by the secretary of state.

Sec. 124. Minnesota Statutes 1992, section 336A.04, subdivision 3, is amended to read:

Subd. 3. [FEES.] (a) The fee for filing and indexing a standard form for a lien notice, effective financing statement, ~~amendment,~~ or continuation statement, and stamping the date and place of filing on a copy of the filed document furnished by the filing party is ~~$10 when a single debtor name is listed. If more than one debtor's name is listed on a standard form, the fee is $17. If one debtor's name is listed on a nonstandard effective filing statement, assignment or continuation statement, or a nonstandard lien notice or assignment of a lien notice, the fee is $13. If more than one debtor's name is listed on a nonstandard form, the fee is $20~~ *$15 for up to two debtor names and $15 for each additional name thereafter.*

(b) ~~The fee for filing an amendment on the standard form that does not add debtors' names to the lien notice or effective financing statement is $10. If a nonstandard form is used, the fee is $13. The fee for an amendment that adds debtors' names is $17 if a standard form is used or $20 if a nonstandard form is used. The fee for filing a partial release is $10 if a standard form is used or $13 if a nonstandard form is used.~~

~~(c)~~ A fee may not be charged for filing a termination statement if the termination is filed within 30 days after satisfaction of the lien or security interest. Otherwise, the fee is $10.

~~(d)~~ *(c)* A county recorder shall forward $5 of each filing fee collected under this subdivision to the secretary of state by the 15th of the month following the end of each fiscal quarter. *The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the general fund.* The balance of the filing fees collected by a county recorder must be deposited in the general fund of the county.

Sec. 125. Minnesota Statutes 1992, section 336A.09, subdivision 2, is amended to read:

Subd. 2. [SEARCHES; FEES.] (a) If a person makes a request, the filing officer shall conduct a search of the computerized filing system for effective financing statements or lien notices and statements of ~~assignment,~~ continuation~~, amendment, and partial release~~ of a particular debtor. The filing officer shall report the date, time, and results of the search by issuing:

(1) a certificate listing the file number, date, and hour of each effective financing statement found in the search and the names and addresses of each secured party on the effective financing statements or of each lien notice found in the search and the names and address of each lienholder on the lien notice;

(2) photocopies of the original effective financing statement or lien notice documents on file; or

(3) upon request, both the certificate and photocopies of the effective financing statements or lien notices.

(b) The uniform fee for conducting a search and for preparing a certificate ~~showing up to five listed filings or for preparing up to five photocopies of original documents, or any combination of up to five listed filings and photocopies,~~ is ~~$10~~ *$15* per debtor name if the request is in the standard form prescribed by the secretary of state ~~and otherwise is $13~~. *This uniform fee shall include ten photocopies of original documents. If the request for information is made on a form other than the standard form prescribed by the secretary of state, the fee is $20* per debtor name *and shall include ten photocopies of original documents*. An additional fee of ~~50 cents~~ *$1 per page* must be charged for each listed filing and for each photocopy prepared in excess of the first ~~five~~ *ten*. If an oral or facsimile response is requested, there is an additional fee of $5 per debtor *name requested*.

(c) A county recorder shall forward ~~$3~~ *$5* of each search fee collected under this subdivision to the secretary of state by the 15th of the month following each fiscal quarter. *The surcharge amounts received from county recorders and the surcharge amounts collected by the secretary of state's office must be deposited in the state treasury and credited to the general fund.* The balance of the search fees collected by a county recorder must be deposited in the general fund of the county.

Sec. 126. Minnesota Statutes 1992, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, *11 percent must be credited to the state arts account created in section 129D.06, for distribution as provided in that section,* and the remainder must be credited to the general fund.

Sec. 127. Minnesota Statutes 1992, section 359.01, subdivision 3, is amended to read:

Subd. 3. [FEES.] The fee for each commission shall not exceed $40. *All fees shall be retained by the commissioner and shall be nonreturnable except that an overpayment of any fee shall be the subject of a refund upon proper application.*

Sec. 128. Minnesota Statutes 1992, section 359.02, is amended to read:

359.02 [TERM, BOND, OATH, REAPPOINTMENT.]

~~A notary commissioned under section 359.01 holds office for six years, unless sooner removed by the governor or the district court. Before entering upon the duties of office, a newly commissioned notary shall file the notary's oath of office with the secretary of state. Within 30 days before the expiration of the commission a notary may be reappointed for a new term to commence and to be designated in the new commission as beginning upon the day immediately following the date of the expiration. The reappointment takes effect and is valid although the appointing governor may not be in the office of governor on the effective day.~~

Subdivision 1. [EXPIRATION IN 1995.] *Notary commissions issued before January 3, 1995, expire on January 31, 1995.*

Subd. 2. [SIX-YEAR LICENSING PERIOD.] *Notary commissions issued after January 31, 1995, expire at the end of the licensing period that will end every sixth year following January 31, 1995.*

Subd. 3. [PARTIAL LICENSING PERIODS.] *Notary commissions issued during a licensing period expire at the end of that period as set forth in this section.*

Sec. 129. Minnesota Statutes 1992, section 386.65, is amended to read:

386.65 [EXAMINATION OF APPLICANTS FOR LICENSE.]

Subdivision 1. Applications for a license shall be made to the ~~board~~ *commissioner* and shall be upon a form to be prepared by the ~~board~~ *commissioner* and contain such information as may be required by it. Upon receiving such application, the ~~board~~ *commissioner* shall fix a time and place for the examination of such applicant. Notice of such examination shall be given to the applicant by certified mail, who shall thereon take the examination pursuant to such notice. The examination shall be conducted by the ~~board~~ *commissioner* under such rules as the ~~board~~ *commissioner* may prescribe, and such rules shall prescribe that the applicant must show qualification by experience, education or training to qualify as being capable of performing the duties of an abstracter whose work will be for the use and protection of the public. If application is made by a firm or corporation, one of the members or managing officials thereof shall take such examination. If the applicant

successfully passes the examination and complies with all the provisions of sections 386.61 to 386.76, the ~~board~~ *commissioner* shall ~~cause its executive secretary to~~ issue a license to the applicant.

Sec. 130. Minnesota Statutes 1992, section 386.66, is amended to read:

386.66 [BOND OR ABSTRACTER'S LIABILITY INSURANCE POLICY.]

Before a license shall be issued, the applicant shall file with the ~~board~~ *commissioner* a bond or abstracter's liability insurance policy to be approved by the ~~chair or executive secretary~~ *commissioner*, running to the state of Minnesota in the penal sum of at least $100,000 conditioned for the payment by such abstracter of any damages that may be sustained by or accrue to any person by reason of or on account of any error, deficiency or mistake arising wrongfully or negligently in any abstract, or continuation thereof, or in any certificate showing ownership of, or interest in, or liens upon any lands in the state of Minnesota, whether registered or not, made by and issued by such abstracter, provided however, that the aggregate liability of the surety to all persons under such bond shall in no event exceed the amount of such bond. In any county having more than 200,000 inhabitants the bond or insurance policy required herein shall be in the penal sum of at least $250,000. Applicants having cash or securities or deposit with the state of Minnesota in an amount equal to the said bond or insurance policy shall be exempt from furnishing the bond or an insurance policy herein required but shall be liable to the same extent as if a bond or insurance policy has been given and filed. The bond or insurance policy required hereunder shall be written by some surety or other company authorized to do business in this state issuing bonds or abstracter's liability insurance policies and shall be issued for a period of one or more years, and renewed for one or more years at the date of expiration as principal continues in business. The aggregate liability of such surety on such bond or insurance policy for all damages shall, in no event, exceed the sum of said bond or insurance policy.

Sec. 131. Minnesota Statutes 1992, section 386.67, is amended to read:

386.67 [LICENSED ABSTRACTER, SEAL.]

A licensed abstracter furnishing abstracts of title to real property under the provisions hereof shall provide a seal, which seal shall show the name of such licensed abstracter, and shall file with the ~~executive secretary of the board~~ *commissioner* an impression of or copy made by such seal and the signatures of persons authorized to sign certificates on abstracts and continuations of abstracts and certificates showing ownership of, or interest in, or liens upon any lands in the state of Minnesota, whether registered or not, issued by such licensed abstracter.

Sec. 132. Minnesota Statutes 1992, section 386.68, is amended to read:

386.68 [FEES.]

~~For~~ The ~~services specified in sections 386.61 to 386.76~~ *following* fees ~~shall be set by the board~~ *must be paid to the commissioner: an examination fee of $25; an initial licensing fee of $50; and a license renewal fee of $40.*

Sec. 133. Minnesota Statutes 1992, section 386.69, is amended to read:

386.69 [LICENSES.]

Licenses issued by ~~said board~~ *the commissioner* under the provisions hereof shall recite that such bond or insurance policy has been duly filed and approved, and the license shall authorize the official, person, firm or corporation named in it to engage in and carry on the business of an abstracter of real estate titles in the county in which said official, person, firm or corporation is authorized to make abstracts. The license shall be issued for a period as determined by the ~~board~~ *commissioner*, and shall thereafter be renewed upon conditions prescribed by the ~~board~~ *commissioner*.

Sec. 134. [386.705] [ADMINISTRATIVE ACTIONS AND PENALTIES.]

An abstracter licensed under sections 386.61 to 386.76 is subject to the penalties imposed pursuant to section 45.027. The commissioner has all the powers provided in section 45.027 and shall proceed in the manner provided by that section in actions against abstracters.

Sec. 135. [386.706] [RULES.]

The commissioner may adopt rules necessary for the administration of sections 386.61 to 386.76.

Sec. 136. Minnesota Statutes 1992, section 462A.057, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSE.] ~~There is established~~ *The agency may establish* the Minnesota rural and urban homesteading program ~~to be administered by the agency~~ for *the purpose of making* grants *or loans* to eligible applicants to acquire, rehabilitate, and sell ~~eligible property. The program is directed at~~ single family residential properties in need of rehabilitation ~~that are sold~~ to ~~"at risk"~~ home buyers committed to strengthening the neighborhood and following a good neighbor policy.

Sec. 137. [462A.204] [FAMILY HOMELESS PREVENTION AND ASSISTANCE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons under the age of 18.*

Subd. 2. [SELECTION CRITERIA.] *The agency shall award grants to counties with a significant number or significant growth in the number of homeless families and that agree to focus their emergency response systems on homeless prevention and the securing of permanent or transitional housing for homeless families. The agency shall take into consideration the extent to which the proposed project activities demonstrate ways in which existing resources in an area may be more effectively coordinated to meet the program objectives specified under this section in awarding grants.*

Subd. 3. [SET ASIDE.] *At least one grant must be awarded in an area located outside of the metropolitan area as defined in section 473.121, subdivision 2. A county, a group of contiguous counties jointly acting together, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.*

Subd. 4. [PROJECT REQUIREMENTS.] *Each project must be designed to stabilize families in their existing homes, shorten the amount of time that families stay in emergency shelters, and assist families with securing transitional or permanent affordable housing throughout the grantee's area of operation. Each project must include plans for the following:*

(1) use of existing housing stock, including the maintenance of current housing for those at risk;

(2) leveraging of private and public money to maximize the project impact;

(3) coordination and use of existing public and private providers of rental assistance, emergency shelters, transitional housing, and affordable permanent housing;

(4) targeting of direct financial assistance including assistance for rent, utility payments or other housing costs, and support services, where appropriate, to prevent homelessness and repeated episodes of homelessness;

(5) efforts to address the needs of specific homeless populations;

(6) identification of outcomes expected from the use of the grant award; and

(7) description of how the organization will use other resources to address the needs of homeless individuals.

Subd. 5. [AUTHORIZED USES OF GRANT.] *A grant may be used to prevent or decrease the period of homelessness of families and to decrease the time period that families stay in emergency shelters. Grants may not be used to acquire, rehabilitate, or construct emergency shelters or transitional or permanent housing. Grants may not be used to pay more than 24 months of rental assistance for a family.*

Subd. 6. [ADVISORY COMMITTEE.] *Each grantee shall establish an advisory committee consisting of a homeless advocate, a homeless person or formerly homeless person, a member of the state interagency task force on homelessness, local representatives, if any, of public and private providers of emergency shelter, transitional housing, and permanent affordable housing, and other members of the public not representatives of those specifically described in this sentence. The grantee shall consult on a regular basis with the advisory committee in preparing the project proposal and in the design, implementation, and evaluation of the project. The advisory committee shall assist the grantee as follows:*

(1) designing or refocusing the grantee's emergency response system;

(2) developing project outcome measurements; and

(3) assessing the short- and long-term effectiveness of the project in meeting the needs of families who are homeless, preventing homelessness, identifying and developing innovative solutions to the problem of homeless families, and identifying problems and barriers to providing services to homeless families.

Subd. 7. [REPORTING REQUIREMENTS.] *Each grantee shall submit an annual project report to the state interagency task force on homelessness. The report must include the actual program results compared to program objectives. The state interagency task force shall report on program activities to all state agencies that provide assistance or services to homeless persons.*

Sec. 138. [462A.206] [MORTGAGE FORECLOSURE PREVENTION AND EMERGENCY RENTAL ASSISTANCE PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *The agency shall, within the limits of available appropriations, establish a mortgage foreclosure prevention and emergency rental assistance program to provide assistance to low-income and moderate-income persons who are facing the loss of their housing due to circumstances beyond their control. Priority for assistance under this section must be given to persons and families at or below 60 percent of area median income, adjusted for family size, as determined by the department of housing and urban development.*

Subd. 2. [ADMINISTRATION.] *The agency may contract with community-based, nonprofit organizations that meet the requirements specified in this section to provide either mortgage foreclosure assistance or rental assistance, or both. Preference must be given to nonprofit organizations that demonstrate the greatest ability to leverage program money with other sources of funding, or to organizations serving areas without access to mortgage foreclosure assistance or rental assistance. The agency may require an organization to match program money with other money or resources.*

Subd. 3. [ORGANIZATION ELIGIBILITY.] *A nonprofit organization must be able to demonstrate that it is qualified to deliver program services, has relevant expertise in mortgage foreclosure prevention or landlord and tenant procedures, and is able to perform the duties required under the program. An organization must provide the agency with a detailed description of how the proposed program would be administered, including the qualifications of staff. An organization may not be part of, nor affiliated with, a mortgage lender nor provide assistance to a household which occupies a housing unit owned or managed by the organization.*

Subd. 4. [SELECTION CRITERIA.] *The agency shall take the following criteria into consideration when determining whether an organization is qualified to administer the program:*

(1) the prior experience of the nonprofit organization in establishing, administering, and maintaining a mortgage foreclosure prevention or a rental assistance program;

(2) the documented familiarity of the organization regarding mortgage foreclosure prevention procedures, landlord and tenant procedures, and other services available to assist with preventing the loss of housing;

(3) the reasonableness of the proposed budget in meeting the program objectives;

(4) the documented ability of the organization to provide financial assistance; and

(5) the documented ability of the organization to provide mortgage foreclosure prevention or other financial or tenant counseling.

Subd. 5. [DESIGNATED AREAS.] *A program administrator must designate specific areas, communities, or neighborhoods within which the program is proposed to be operated for the purpose of focusing resources.*

Subd. 6. [ASSISTANCE.] *(a) Program assistance includes general information, screening, assessment, referral services, case management, advo-*

cacy, and financial assistance to borrowers who are delinquent on mortgage, contract for deed, or rent payments.

(b) Not more than one-half of program funding may be used for mortgage or financial counseling services.

(c) Financial assistance consists of:

(1) payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, or other costs necessary to prevent foreclosure; or

(2) delinquent rent payments, utility bills, any fees or costs necessary to redeem the property, future rent payments for a period of up to six months, and relocation costs if necessary.

(d) An individual or family may receive the lesser of six months or $4,500 of financial assistance.

Subd. 7. [REPAYMENT.] *The agency may require the recipient of financial assistance to enter into an agreement with the agency for repayment. The repayment agreement for mortgages or contract for deed buyers must provide that in the event the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, the recipient shall repay all or a portion of the financial assistance. The agency may take into consideration financial hardship in determining repayment requirements. The repayment agreement may be secured by a lien on the property for the benefit of the agency.*

Subd. 8. [REPORT.] *By January 10 of every year, each nonprofit organization that delivers services under this section must submit a report to the agency that summarizes the number of people served, the number of applicants who were not served, sources and amounts of nonstate money used to fund the services, and the number and type of referrals to other service providers. The agency shall annually submit a report to the legislature by February 15 that summarizes the service provider reports, and provide an assessment of the effectiveness of the program in preventing mortgage foreclosure and homelessness.*

Sec. 139. [462A.207] [MENTAL ILLNESS CRISIS HOUSING ASSISTANCE ACCOUNT.]

Subdivision 1. [CREATION.] *The mental illness crisis housing assistance account is established as a separate account in the housing development fund. The assistance account consists of money appropriated to it.*

Subd. 2. [RENTAL ASSISTANCE.] *The account shall pay up to 90 days of rental assistance for persons with a diagnosed mental illness who require short-term inpatient care for stabilization.*

Subd. 3. [ELIGIBILITY.] *Rental assistance under this section is available only to persons of low and moderate income as determined by the department of housing and urban development.*

Subd. 4. [ADMINISTRATION.] *The agency may contract with organizations or government units experienced in rental assistance to operate the program under this section.*

Sec. 140. Minnesota Statutes 1992, section 462A.21, is amended by adding a subdivision to read:

Subd. 17. [MORTGAGE FORECLOSURE PREVENTION AND EMERGENCY RENTAL ASSISTANCE.] *The agency may spend money for the purposes of section 462A.206 and may pay the costs and expenses necessary and incidental to the development and operation of the program.*

Sec. 141. Minnesota Statutes 1992, section 462A.21, is amended by adding a subdivision to read:

Subd. 18. [FAMILY HOMELESS PREVENTION AND ASSISTANCE.] *The agency may spend money for the purposes of section 462A.204 and may pay the costs and expenses necessary and incidental to the development and operation of the program.*

Sec. 142. Minnesota Statutes 1992, section 462A.21, is amended by adding a subdivision to read:

Subd. 19. [MENTAL ILLNESS CRISIS HOUSING ASSISTANCE.] *The agency may spend money for the purpose of section 462A.207 and may pay the costs and expenses necessary and incidental to the development and operation of the program authorized in section 462A.206.*

Sec. 143. Minnesota Statutes 1992, section 462A.21, is amended by adding a subdivision to read:

Subd. 20. [COMMUNITY DEVELOPMENT CORPORATIONS.] *It may make grants to and enter into contracts with community development corporations under section 116J.982, and may pay the costs and expenses for the development and operation of the program.*

Sec. 144. Minnesota Statutes 1992, section 469.011, subdivision 4, is amended to read:

Subd. 4. [EXPENSES; COMPENSATION.] Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of duties. Each commissioner may be paid up to $55 for attending each regular and special meeting of the authority. Commissioners who are ~~elected officials or~~ full-time state employees or full-time employees of the political subdivisions of the state may not receive the 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. *Commissioners who are elected officials may receive the daily payment for a particular day only if they do not receive any other daily payment for public service on that day.* Commissioners 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.

Sec. 145. [504.36] [PETS IN SUBSIDIZED HANDICAPPED ACCESSIBLE RENTAL HOUSING UNITS.]

In a multiunit residential building, a tenant of a handicapped accessible unit, in which the tenant or the unit, receives a subsidy that directly reduces or eliminates the tenant's rent responsibility must be allowed to have two birds or one spayed or neutered dog or one spayed or neutered cat. A renter under this section may not keep or have visits from an animal that constitutes a threat to the health or safety of other individuals, or causes a noise nuisance or noise disturbance to other renters. The landlord may require the renter to

pay an additional damage deposit in an amount reasonable to cover damage likely to be caused by the animal. The deposit is refundable at any time the renter leaves the unit of housing to the extent it exceeds the amount of damage actually caused by the animal.

Sec. 146. [REPEALER.]

Minnesota Statutes 1992, sections 44A.12; 138.97; 239.05, subdivision 2c; 239.52; 239.78; 268.365, subdivision 1; 268.914, subdivision 2; 268.977; 268.978, subdivision 3; 386.61, subdivision 3; 386.63; 386.64; and 386.70, are repealed.

Sec. 147. [EFFECTIVE DATES.]

Subdivision 1. [1993 APPROPRIATIONS.] *Any provisions appropriating money for fiscal year 1993 are effective the day following final enactment.*

Subd. 2. [STATE ARTS ACCOUNT.] *Sections 59 and 126 are effective July 1, 1995.*"

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; eliminating or transferring certain agency powers and duties; requiring studies and reports; amending Minnesota Statutes 1992, sections 3.30, subdivision 2, as amended; 15.38, by adding a subdivision; 15.50, subdivision 2; 16A.128, subdivision 2; 16A.28, by adding a subdivision; 16A.72; 16B.06, subdivision 2a; 44A.01, subdivisions 2 and 4; 44A.025; 82.21, by adding a subdivision; 116J.617; 116J.982; 216B.62, subdivisions 3 and 5; 237.295, subdivision 2, and by adding a subdivision; 239.011, subdivision 2; 239.10; 239.791, subdivisions 6 and 8; 239.80, subdivisions 1 and 2; 257.0755; 268.022, subdivisions 1 and 2; 268.361, subdivisions 6 and 7; 268.362; 268.363; 268.364, subdivisions 1, 3, and by adding a subdivision; 268.365, subdivision 2; 268.55; 268.914, subdivision 1; 268.975, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 268.976, subdivision 2; 268.978, subdivision 1; 268.98; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; 298.296, subdivision 1; 303.13, subdivision 1; 303.21, subdivision 3; 322A.16; 333.20, subdivision 4; 333.22, subdivision 1; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-413; 336A.04, subdivision 3; 336A.09, subdivision 2; 349A.10, subdivision 5; 359.01, subdivision 3; 359.02; 386.65; 386.66; 386.67; 386.68; 386.69; 462A.057, subdivision 1; 462A.21, by adding subdivisions; and 469.011, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 116M; 129D; 239; 268; 386; 462A; and 504; proposing coding for new law as Minnesota Statutes, chapter 138A; repealing Minnesota Statutes 1992, sections 44A.12; 138.97; 239.05, subdivision 2c; 239.52; 239.78; 268.365, subdivision 1; 268.914, subdivision 2; 268.977; 268.978, subdivision 3; 386.61, subdivision 3; 386.63; 386.64; and 386.70."

The motion prevailed. So the amendment was adopted.

H.F. No. 1650 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 10, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Morse	Runbeck
Anderson	Flynn	Kroening	Murphy	Sams
Beckman	Frederickson	Laidig	Novak	Samuelson
Berglin	Hanson	Langseth	Oliver	Solon
Bertram	Hottinger	Larson	Olson	Spear
Betzold	Janezich	Lessard	Pariseau	Stumpf
Chandler	Johnson, D.E.	Luther	Piper	Terwilliger
Chmielewski	Johnson, J.B.	Marty	Pogemiller	Vickerman
Cohen	Kelly	Metzen	Price	Wiener
Day	Kiscaden	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Riveness	

Those who voted in the negative were:

Belanger	Benson, J.E.	Johnston	Merriam	Robertson
Benson, D.D.	Berg	Lesewski	Neuville	Stevens

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

MOTIONS AND RESOLUTIONS – CONTINUED

Ms. Johnson, J.B. moved that H.F. No. 1253 be taken from the table. The motion prevailed.

H.F. No. 1253: A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.

The question recurred on the Johnson, J.B. amendment. Ms. Johnson, J.B. withdrew her amendment.

H.F. No. 1253 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Moe, R.D.	Reichgott
Anderson	Dille	Krentz	Mondale	Riveness
Beckman	Finn	Kroening	Morse	Robertson
Belanger	Flynn	Laidig	Murphy	Runbeck
Benson, D.D.	Frederickson	Langseth	Neuville	Sams
Benson, J.E.	Hanson	Larson	Novak	Samuelson
Berg	Hottinger	Lesewski	Oliver	Spear
Berglin	Janezich	Lessard	Olson	Stevens
Bertram	Johnson, D.E.	Luther	Pariseau	Stumpf
Betzold	Johnson, J.B.	Marty	Piper	Vickerman
Chandler	Johnston	McGowan	Pogemiller	Wiener
Chmielewski	Kelly	Merriam	Price	
Cohen	Kiscaden	Metzen	Ranum	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Messrs. Moe, R.D. and Johnson, D.E. introduced—

Senate Resolution No. 49: A Senate resolution relating to conduct of Senate business during the interim between sessions.

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

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 78th Legislature, 1993 session, and the convening of the 78th Legislature, 1994 session.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Secretary of the Senate shall classify as "permanent" for purposes of Minnesota Statutes, sections 3.095 and 43A.24 the Senate employees certified as "permanent" by the Committee on Rules and Administration.

The Secretary of the Senate may 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 1993 regular session. The Secretary of the Senate may employ the necessary employees to prepare for the 1994 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering service upon proper verification of the expenses incurred, and for such 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 1993 session. The Secretary of the Senate 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 May 17, 1993.

The Secretary of the Senate may pay election and litigation costs up to a maximum of $125.00 per hour 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 remodeling and improvement of Senate office space, and shall purchase all supplies, equipment, and other goods and services necessary to carry out the work of the Senate. Contracts in excess of $5,000 must be signed by the Chair of the

Committee on Rules and Administration and another member designated by the Chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts referred to in this resolution.

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, are reserved for use by the Senate and its standing committees only and must not be released or used for any other purpose except upon the authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration or its Chair.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature under Senate Concurrent Resolution No. 2.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Knutson	Metzen	Price
Anderson	Day	Krentz	Moe, R.D.	Ranum
Beckman	Dille	Kroening	Mondale	Reichgott
Belanger	Finn	Laidig	Morse	Riveness
Benson, D.D.	Flynn	Langseth	Murphy	Robertson
Benson, J.E.	Frederickson	Larson	Neuville	Runbeck
Berg	Hottinger	Lesewski	Novak	Sams
Berglin	Johnson, D.E.	Lessard	Oliver	Samuelson
Bertram	Johnson, J.B.	Luther	Olson	Spear
Betzold	Johnston	Marty	Pariseau	Stumpf
Chandler	Kelly	McGowan	Piper	Vickerman
Chmielewski	Kiscaden	Merriam	Pogemiller	Wiener

The motion prevailed. So the resolution was adopted.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

House Concurrent Resolution No. 3: A House concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

House Concurrent Resolution No. 3: A House concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

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

(1) Upon their adjournments on May 17, 1993, the House of Representatives may set its next day of meeting for February 22, 1994, at 12:00 noon and the Senate may set its next day of meeting for February 22, 1994, at 12:00 noon.

(2) By the adoption of this resolution, 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.

MOTIONS AND RESOLUTIONS – CONTINUED

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.

RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby H.F. No. 1650 was passed by the Senate on May 17, 1993, be now reconsidered. The motion prevailed. So the vote was reconsidered.

H.F. No. 1650: A bill for an act relating to data privacy; eliminating a classification of legislators' telephone records; requiring the attorney general to seek recovery of wrongfully paid taxpayer money for telephone charges; amending Laws 1989, chapter 335, article 1, section 15, subdivision 3.

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

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

The roll was called, and there were yeas 58 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Morse	Riveness
Anderson	Flynn	Kroening	Murphy	Runbeck
Beckman	Frederickson	Laidig	Novak	Sams
Belanger	Hanson	Langseth	Oliver	Samuelson
Berglin	Hottinger	Larson	Olson	Solon
Bertram	Janezich	Lessard	Pappas	Spear
Betzold	Johnson, D.E.	Luther	Pariseau	Stumpf
Chandler	Johnson, D.J.	Marty	Piper	Terwilliger
Chmielewski	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Cohen	Kelly	Metzen	Price	Wiener
Day	Kiscaden	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott	

Those who voted in the negative were:

Benson, D.D.	Berg	Lesewski	Neuville	Stevens
Benson, J.E.	Johnston	Merriam	Robertson	

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 has adopted the recommendation and report of the Conference Committee on House File No. 795, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 795 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 795

A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 795, 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. 795 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 65B.53, subdivision 1, is amended to read:

Subdivision 1. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing residual liability coverage on a commercial vehicle of more than 5,500 pounds curb weight if negligence in the operation, maintenance or use of the commercial vehicle was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1.

For purposes of this subdivision, a "commercial vehicle of more than 5,500 pounds curb weight" does not include a vehicle listed in section 65B.47, subdivision 1a.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1993, and applies to all causes of action arising on or after that date."

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

House Conferees: (Signed) Loren Jennings, Leo J. Reding, Tom Osthoff

Senate Conferees: (Signed) Ellen R. Anderson, Kevin M. Chandler, David L. Knutson

Ms. Anderson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 795 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. 795 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Knutson	Moe, R.D.	Reichgott
Anderson	Finn	Krentz	Mondale	Riveness
Beckman	Flynn	Kroening	Morse	Robertson
Belanger	Frederickson	Laidig	Murphy	Sams
Benson, D.D.	Hanson	Langseth	Novak	Samuelson
Benson, J.E.	Hottinger	Larson	Oliver	Solon
Berg	Janezich	Lesewski	Olson	Spear
Berglin	Johnson, D.E.	Lessard	Pappas	Stumpf
Bertram	Johnson, D.J.	Luther	Pariseau	Terwilliger
Betzold	Johnson, J.B.	Marty	Piper	Vickerman
Chmielewski	Johnston	McGowan	Pogemiller	Wiener
Cohen	Kelly	Merriam	Price	
Day	Kiscaden	Metzen	Ranum	

Messrs. Chandler, Neuville and Stevens voted in the negative.

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1658, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1658 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1658

A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records,

and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1658, 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. 1658 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~11~~ *12* directors.

Sec. 2. Minnesota Statutes 1992, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, the commissioner of trade and economic development, the commissioner of jobs and training, ~~and~~ the chancellor of the technical college system, *and the chancellor of the higher education board.*

Sec. 3. Minnesota Statutes 1992, section 116L.05, is amended by adding a subdivision to read:

Subd. 3. [USE OF FUNDS.] *The job skills partnership board may use up to six percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2.*

Sec. 4. Minnesota Statutes 1992, section 116O.091, is amended to read:

116O.091 [~~MINNESOTA~~ PROJECT OUTREACH ~~CORPORATION~~.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] ~~The Minnesota~~ Project outreach ~~Corporation~~ is established ~~as a nonprofit public corporation under chapter 317A and is subject to the provisions of that chapter. The corporation is not a state agency.~~ The purpose of the ~~corporation~~ *project* is to (i) facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and (ii) to assist small and medium-sized businesses in finding technical and financial assistance providers that meet their needs.

~~Subd. 2. [BOARD OF DIRECTORS; EMPLOYEES.] The Minnesota Project Outreach Corporation shall be governed by a nine-member board of directors consisting of the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or~~

~~the commissioner's designee, the chair of the Minnesota Technology, Inc. board of directors or the chair's designee, the president of the Minnesota Project Outreach Corporation, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, a person who has experience with small manufacturing firms located outside the metropolitan area, a person who has experience with medium-sized manufacturing firms located in the metropolitan area, one of which must be actively engaged in manufacturing, and a private sector person representing the general public. The governor shall appoint the representatives of the manufacturing firms and the general public. Vacancies on the board for the members who are appointed by the governor shall be filled by the board until the respective term expires. The president of the Minnesota Project Outreach Corporation shall be appointed by at least a two-thirds majority of the other members of the board.~~

~~The terms of the directors appointed by the governor shall be three years. The directors appointed by the governor shall serve until their successors are appointed and qualify. The board may elect a chair and form committees of the board. The officers and any employees of the corporation are not state employees.~~

~~Subd. 3. [ARTICLES OF INCORPORATION.] The articles of incorporation of the Minnesota Project Outreach Corporation must be filed with the secretary of state under chapter 317A and must be consistent with the duties of the corporation under subdivision 4 and the other provisions of this section.~~

Subd. 4. [DUTIES.] The ~~Minnesota Project Outreach~~ corporation shall:

(1) establish a technology assistance system to assist business, specifically new and other small and medium-sized businesses across the state, in gaining access to technical information, including but not limited to technologies developed by the University of Minnesota and other higher education systems and their personnel; and in gaining access to technology-related federal programs;

(2) establish and maintain a data base or data bases that provide information for the technology assistance system under clause (1) that may include information on (i) science and technology experts, (ii) technical research projects underway at public higher education institutions in the state, (iii) licensable technology available at public higher education institutions in the state, (iv) access to federal technology and technical information, and (v) access to technical and business education;

(3) provide literature search and document retrieval services through the technology assistance system under clause (1);

(4) establish and continually update a business assistance referral system which includes a data base of economic development related technical assistance and financial assistance providers or programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, local governments, private industry associations, and other organizations and individuals that provide assistance;

(5) establish and maintain or contract for the establishment of a toll-free

telephone number operated by trained staff familiar with the business assistance referral system and data base;

(6) maintain a marketing and outreach program informing persons interested in starting, operating, or expanding small business and assistance providers of the technology assistance system and the business assistance referral system;

(7) establish, where possible, regional bases and referral systems for the business assistance referral system, *and a system to reference experts in the state university system*; and

(8) make available the data base of the business assistance referral system to the legislature, the department of trade and economic development, and other state agencies for evaluating the effectiveness and efficiency of the provision of economic development-related technical and financial assistance in the state.

Subd. 5. [STATE AGENCY COOPERATION.] The ~~Minnesota Project Outreach~~ corporation shall consult with the department of trade and economic development in the development and marketing of the business assistance referral system. The corporation shall assist the department of trade and economic development in establishing an evaluation mechanism for the business assistance referral system which at least includes a process for determining the effectiveness of the economic development related technical or financial assistance provider's service in meeting the needs of the client referred to the provider.

Subd. 6. [CHARGES TO CLIENTS.] (a) The ~~Minnesota Project Outreach~~ corporation may charge reasonable fees to a client for the technology assistance system. The corporation shall establish a fee structure for the technology assistance system and may base the fee structure on the type of service provided, the size of the client based on number of employees or amount of annual revenues, the length of time the client has been in operation, and other criteria.

(b) The corporation shall provide the business assistance referral system at no cost to the client and may not charge the client a fee or any other compensation for the referral to a provider. This subdivision does not prohibit the technical or financial assistance provider from charging a fee or other compensation to a client that has been referred to the provider by the business assistance referral system.

Subd. 7. [ADVISORY COMMITTEES.] ~~The board of directors of the Minnesota Project Outreach Corporation may appoint~~ *An* advisory ~~committees~~ *committee is created* to assist in selecting vendors and evaluating the corporation's *project outreach* activities. *The advisory committee shall include the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or the commissioner's designee, the chair of the Minnesota Technology, Inc., board of directors or the chair's designee, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, and at least five users of project outreach services appointed by the named members.*

~~Subd. 8. [ANNUAL REPORT.] The Minnesota Project Outreach corporation shall submit an annual report by January 15 of each year to the appropriations, finance, and economic development committees of the legislature, the governor, Minnesota Technology, Inc., and the University of Minnesota. The report must include a description of the corporation's activities for the past year, a listing of the contracts entered into by the corporation, and a summary of the corporation's expenditures.~~

~~Subd. 9. [AUDIT.] The Minnesota Project Outreach Corporation shall contract with a certified public accounting firm to perform a financial and compliance audit of the corporation and any subsidiary annually in accordance with generally accepted accounting standards.~~

Sec. 5. Minnesota Statutes 1992, section 116O.15, is amended to read:

116O.15 [ANNUAL REPORT.]

The board shall submit a report to the chairs of the senate economic development and housing and the house economic development committees of the legislature and the governor on the activities of the corporation by February 1 of each year. *A copy of the report shall also be provided to the president of the University of Minnesota.* The report must include at least the following:

(1) a description of each of the programs that the corporation has provided or undertaken at some time during the previous year. The description of each program must describe (i) the statement of purpose for the program, (ii) the administration of the program including the activities the corporation was responsible for and the responsibilities that other organizations had in administering the program, (iii) the results of the program including how the results were measured, (iv) the expenses of the program paid by the corporation, and (v) the source of corporate and noncorporate funding for the program;

(2) an identification of the sources of funding in the previous year for the corporation and its programs including federal, state and local government, foundations, gifts, donations, fees, and all other sources;

(3) a description of the distribution of all money spent by the corporation in the previous year including an identification of the total expenditures, other than corporate administrative expenditures, by sector of the economy;

(4) a description of the administrative expenses of the corporation during the previous year;

(5) a listing of the assets and liabilities of the corporation at the end of the previous fiscal year;

(6) a list and description of each grant awarded by the corporation during the previous year;

(7) a description of any changes made to the operational plan during the previous year; and

(8) a description of any newly adopted or significant changes to bylaws, programmatic or administrative guidelines, policies, rules, or eligibility criteria for programs created or administered by the corporation during the previous year.

Reports must be made to the legislature as required by section 3.195.

Sec. 6. [FEDERAL DEFENSE CONVERSION ACTIVITIES.]

The Minnesota Project Outreach Corporation shall assist the department of trade and economic development, the sponsoring agency, to prepare a response to the Technology Reinvestment Project solicitation required by the Defense Conversion, Reinvestment and Transition Assistance Act of 1992, Public Law Numbers 102-484 and 102-190, and related federal law. The response shall address technology development, deployment, and manufacturing education and training activities that comply with the act, that result from a collaborative working effort that involves a team of eligible participants which may include nonprofit and other eligible firms as mandated by United States Code, title 10, section 2491, state government agencies, local government agencies, institutions of higher education, manufacturing and other extension programs, and other eligible proposers under the act.

The department of trade and economic development shall create an advisory task force made up of business, labor community, and local government representatives to assist in developing a state plan for job retention and job creation in industries and communities in Minnesota affected by defense contract cuts. The task force shall advise the Minnesota Project Outreach Corporation, Minnesota Technology, Inc., the department of trade and economic development, and other appropriate state agencies in accessing federal funding available from the Office of Economic Adjustment and the Economic Development Administration in order (1) to improve Minnesota's competitiveness in seeking federal community adjustment planning funds available through the new federal defense conversion programs, and (2) to provide for public involvement and accountability in the conversion programs. The task force shall serve without compensation and reimbursement for expenses.

Sec. 7. [MINNESOTA PROJECT OUTREACH CORPORATION.]

Minnesota Project Outreach Corporation is abolished. Minnesota Technology, Inc. is the legal successor in all respects to Minnesota Project Outreach Corporation established under Minnesota Statutes, section 116O.091. All assets and liabilities of Minnesota Project Outreach Corporation are transferred to Minnesota Technology, Inc.

Sec. 8. [REPEALER.]

Minnesota Statutes 1992, section 116O.092, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 1993. Section 6 is effective the day following final enactment. Sections 4, 5, 7, and 8 are effective July 1, 1994."

Delete the title and insert:

"A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, sections 116L.03, subdivisions 1 and 2; 116L.05, by adding a subdivision; 116O.091; and 116O.15; repealing Minnesota Statutes 1992, section 116O.092."

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

House Conferees: (Signed) Richard "Rick" Krueger, Peter Rodosovich, Gene Pelowski, Jr.

Senate Conferees: (Signed) Steven Morse, Phil J. Riveness, LeRoy A. Stumpf

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1658 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. 1658 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Reichgott
Anderson	Dille	Knutson	Mondale	Riveness
Beckman	Finn	Krentz	Murphy	Robertson
Belanger	Flynn	Kroening	Neuville	Runbeck
Benson, D.D.	Frederickson	Laidig	Novak	Sams
Benson, J.E.	Hanson	Langseth	Oliver	Solon
Berg	Hottinger	Larson	Olson	Spear
Berglin	Janezich	Lesewski	Pappas	Stevens
Bertram	Johnson, D.E.	Lessard	Pariseau	Stumpf
Betzold	Johnson, D.J.	Luther	Piper	Terwilliger
Chandler	Johnson, J.B.	Marty	Pogemiller	Vickerman
Chmielewski	Johnston	McGowan	Price	Wiener
Cohen	Kelly	Metzen	Ranum	

Mr. Merriam voted in the negative.

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1225, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1225 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1225

A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions;

18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1225, 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. 1225 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 9a. [FIXED LOCATION.] *"Fixed location" means all stationary restricted and bulk pesticide facility operations owned or operated by a person located in the same plant location or locality.*

Sec. 2. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 30a. [SUBSTANTIALLY ALTERING; SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.] *"Substantially altering," "substantially alter," or "substantial alteration" means modifying a bulk agricultural chemical storage facility by:*

(1) changing the capacity of a safeguard;

(2) adding storage containers in excess of the capacity of a safeguard as required by rule; or

(3) increasing the size of the single largest storage container in a safeguard as approved or permitted by the department of agriculture. This does not include routine maintenance of safeguards, storage containers, appurtenances, piping, mixing, blending, weighing, or handling equipment.

Sec. 3. Minnesota Statutes 1992, section 18B.065, is amended by adding a subdivision to read:

Subd. 2a. [DISPOSAL SITE REQUIREMENT.] *The commissioner must designate a place that is available at least every other year for the residents of each county in the state to dispose of unused portions of pesticides.*

Sec. 4. Minnesota Statutes 1992, section 18B.135, subdivision 1, is amended to read:

Subdivision 1. [ACCEPTANCE OF ~~RETURNABLE~~ *PESTICIDE* CONTAINERS.] (a) A person distributing, offering for sale, or selling a pesticide must accept empty pesticide containers ~~and the unused portion of pesticide that remains in the original container~~ from a pesticide end user if:

(1) the pesticide was purchased after July 1, 1994; ~~and~~

(2) the empty container is prepared for disposal in accordance with label instructions and is returned to the place of purchase within the state; and

~~(2)~~ *(3)* a ~~place is~~ *collection site that is seasonably accessible on multiple days has* not *been* designated ~~in~~ *either by* the county *board or by agreement with other counties* for the public to return empty pesticide containers ~~and the unused portion of pesticide~~ *for the purpose of reuse or recycling or following other approved management practices for pesticide containers in the order of preference established in section 115A.02, paragraph (b), and the county or counties have notified the commissioner of their intentions annually by February 1, in writing, to manage the empty pesticide containers.*

(b) This subdivision does not prohibit the use of refillable and reusable pesticide containers.

(c) ~~The legislative water commission must prepare a report and make a recommendation to the legislature on the handling of waste pesticide containers and waste pesticides.~~ *If a county or counties designate a collection site as provided in paragraph (a), clause (3), a person who has been notified by the county or counties of the designated collection site and who sells pesticides to a pesticide end user must notify purchasers of pesticides at the time of sale of the date and location designated for disposal of empty containers.*

(d) For purposes of this section, pesticide containers do not include containers that have held sanitizers and disinfectants, pesticides labeled primarily for use on humans or pets, or pesticides not requiring dilution or mixing.

Sec. 5. Minnesota Statutes 1992, 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~~ *a person* who begins construction of~~,~~ or substantially alters~~,~~ a bulk ~~pesticide~~ *agricultural chemical* 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~~, *except that the $250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.*

Sec. 6. Minnesota Statutes 1992, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) A person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Aquaculture therapeutics shall be registered and labeled in the same manner as pesticides. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used ~~only~~ *for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or* with the written permission of the commissioner. *To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.*

(d) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

Sec. 7. Minnesota Statutes 1992, 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, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of

pesticides used in the state, with a minimum nonrefundable fee of $250 ~~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 balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. Of the amount collected after calendar year 1990, *at least* $600,000 per fiscal 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 116O.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 by March 1 for the previous year's registration. 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. 8. Minnesota Statutes 1992, section 18B.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) Except as provided in paragraph (b), ~~a person~~ *no individual* may ~~not distribute at wholesale or retail or possess~~ *offer for sale or sell a* restricted use ~~pesticides~~ or bulk ~~pesticides with an intent to distribute them to an ultimate~~ *pesticide to a pesticide end* user *from any fixed location* without a pesticide dealer license.

(b) ~~The~~ *A* pesticide dealer license ~~requirement does not apply to~~ *is not required for*:

(1) a licensed commercial applicator, noncommercial applicator, or structural pest control applicator who uses restricted use pesticides only as an integral part of a pesticide application service;

(2) a federal, state, county, or municipal agency using restricted use pesticides for its own programs; ~~or~~

(3) a licensed pharmacist, physician, dentist, or veterinarian when administering or dispensing a restricted use pesticide for use in the pharmacist's, physician's, dentist's, or veterinarian's practice*; or*

(4) a person at a fixed location that is not used to offer for sale or sell restricted use or bulk pesticides including, but not limited to, warehouses or other storage sites.

(c) A licensed pesticide dealer may sell restricted use pesticides only to an applicator licensed or certified by the commissioner, unless a sale is allowed by rule.

(d) A pesticide dealer license is required for an individual not located in Minnesota who offers for sale or sells a restricted use or bulk pesticide to a pesticide end user located in Minnesota.

(e) Only one pesticide dealer license is required per fixed location from which an individual offers for sale or sells a restricted use or bulk pesticide to an end user.

Sec. 9. Minnesota Statutes 1992, section 18B.36, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATION.] (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include an examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification is for a period of three *calendar* years ~~from the applicant's nearest birthday~~ *including the first year of certification, and expires December 31 of the third year.*

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 10. Minnesota Statutes 1992, section 18B.37, subdivision 2, is amended to read:

Subd. 2. [COMMERCIAL AND NONCOMMERCIAL APPLICATORS.] (a) A commercial or noncommercial applicator, or the applicator's authorized agent, must maintain a record of pesticides used on each site. *Noncommercial applicators must keep records of restricted use pesticides.* The record must include the:

(1) date of the pesticide use;

(2) time the pesticide application was completed;

(3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and dosage used;

(4) number of units treated;

(5) temperature, wind speed, and wind direction;

(6) location of the site where the pesticide was applied;

(7) name and address of the customer;

(8) name and signature of applicator, name of company, license number of applicator, and address of applicator company; and

(9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a single page document for each pesticide application, except a map may be attached to identify treated areas. For the rights-of-way and wood preservative categories, the required record may not exceed five pages. An invoice containing the required information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) A commercial applicator must give a copy of the record to the customer ~~when the application is completed~~.

(e) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

Sec. 11. Minnesota Statutes 1992, section 18C.005, subdivision 13, is amended to read:

Subd. 13. [GRADE.] "Grade" means the percentage of total nitrogen (N), available ~~phosphorus (P) or phosphoric acid (P2O5)~~ *phosphate (P_2O_5)*, and ~~soluble potassium (K) or~~ soluble potash ~~(K2O)~~ *(K_2O)* stated in whole numbers in the same terms, order, and percentages as in the guaranteed analysis except the grade of bone meals, manures, and similar raw materials may be stated in fractional units, and specialty fertilizers may be stated in fractional units of less than one percent of total nitrogen, available ~~phosphorus or phosphoric acid~~ *phosphate*, and ~~soluble potassium or~~ soluble potash.

Sec. 12. Minnesota Statutes 1992, section 18C.005, subdivision 35, is amended to read:

Subd. 35. [SUBSTANTIALLY ALTERING; *SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.*] "Substantially altering," *"substantially alter," or "substantial alteration"* means modifying a *bulk agricultural chemical storage* facility by*:*

(1) changing the capacity of a safeguard;

(2) adding ~~additional safeguards or~~ storage containers~~, or changing existing storage containers, safeguards, appurtenances, or piping.~~ *in excess of the capacity of a safeguard as required by rule;*

(3) increasing the size of the largest storage container in a safeguard as approved or permitted by the commissioner of agriculture; or

(4) adding or changing anhydrous ammonia storage containers or adding ammonia loading or unloading stations. This does not include routine

maintenance of ~~existing~~ safeguards, storage containers, appurtenances, ~~and~~ piping, or ~~of~~ existing mixing, blending, weighing, ~~and~~ *or* handling equipment. *For dry bulk fertilizer, a person may decrease storage capacity without a substantial alteration permit and may increase storage capacity up to 150 tons per location annually without a substantial alteration permit.*

Sec. 13. Minnesota Statutes 1992, section 18C.115, subdivision 2, is amended to read:

Subd. 2. [ADOPTION OF NATIONAL STANDARDS.] Applicable national standards contained in the ~~1989~~ *1993* official publication, number ~~42~~ *46*, of the association of American plant food control officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 14. Minnesota Statutes 1992, section 18C.211, subdivision 1, is amended to read:

Subdivision 1. [N, P, AND K NUTRIENT CONTENT STATED.] (a) Until the commissioner prescribes the alternative form of guaranteed analysis, it must be stated as provided in this subdivision.

(b) A guaranteed analysis must state the percentage of plant nutrient content, if claimed, in the following form:

"Total Nitrogen (N)	... percent
Available ~~Phosphoric Acid (P2O5)~~ *Phosphate (P_2O_5)*	... percent
Soluble Potash ~~(K2O)~~ *(K_2O)*	... percent"

(c) For unacidulated mineral phosphatic materials and basic slag, bone, tankage, and other organic phosphate materials, the total ~~phosphoric acid~~ *phosphate* or degree of fineness may also be stated.

Sec. 15. Minnesota Statutes 1992, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, *BULK,* AND MIXED FERTILIZER.] (a) A distributor who blends or mixes fertilizer to a customer's order without a guaranteed analysis of the final mixture *or distributes fertilizer in bulk,* must furnish each purchaser with an invoice or delivery ticket in written or printed form showing the net weight, *name and address of the guarantor,* and guaranteed analysis of each of the materials used in the mixture.

(b) ~~The invoice or delivery ticket must accompany the delivery.~~

~~(c)~~ Records of invoices or delivery tickets must be kept for five years after the delivery or application.

Sec. 16. Minnesota Statutes 1992, section 18C.305, subdivision 2, is amended to read:

Subd. 2. [PERMIT FEES.] (a) An application for a new facility must be accompanied by a nonrefundable application fee of $100 for each location where fertilizer is stored.

(b) An application to substantially alter a facility must be accompanied by a nonrefundable $50 fee.

(c) ~~In addition to the fees under paragraphs (a) and (b),~~ a *An additional* fee of $250 must be paid by ~~an applicant~~ *a person* who begins construction *of,* or ~~substantial alteration~~ *substantially alters a bulk agricultural chemical storage facility* before a permit is issued *by the commissioner, except that the $250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.*

(d) An application for a facility that includes both fertilizers, as regulated under this chapter, and pesticides as regulated under chapter 18B shall pay only one application fee of $100.

Sec. 17. Minnesota Statutes 1992, section 18D.103, is amended by adding a subdivision to read:

Subd. 3. [EXCEPTION.] *A responsible party or an owner of real property who is a licensed or certified private or commercial pesticide applicator is not required to report an incident to the commissioner under this section if the amount of pesticide involved in the release plus any other releases which have occurred at the site during the preceding year is less than the maximum amount of the pesticide that, consistent with its label, can be applied to one acre of agricultural crop land unless the release occurred into or near public water or groundwater.*

Sec. 18. Minnesota Statutes 1992, section 18D.105, is amended by adding a subdivision to read:

Subd. 3a. [PASSIVE BIOREMEDIATION.] *Passive bioremediation must be considered for pesticide cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment. The assessment may include the soil types involved, leaching potential, underlying geology, proximity to ground and surface water, and the soil half-life of the pesticides.*

Sec. 19. Minnesota Statutes 1992, section 18E.03, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded; ~~and~~

(3) to reimburse and pay corrective action costs under section 18E.04; *and*

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to $175,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 20. Minnesota Statutes 1992, 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~~ *4* after a public hearing, but notwithstanding section 16A.128, based on:

(1) the amount needed to maintain 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. 21. Minnesota Statutes 1992, 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 *surcharges and any adjustments made by the commissioner* in this subdivision and shall be collected ~~until March 1, 1991~~ *by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision.*

(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 ~~period April 1, 1990, through December 31, 1990~~ *previous calendar 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 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~~ *$75* 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~~ *$75* 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; *and*

(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 $25 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)~~ *(e)* 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)~~ *(f)* Paragraphs (c) to ~~(f)~~ *(e)* apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 22. Minnesota Statutes 1992, section 18E.03, subdivision 6, is amended to read:

Subd. 6. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the agricultural chemical response and reimbursement account:

(1) the proceeds of the fees imposed by subdivisions 3 and ~~5~~ *4*;

(2) money recovered by the state for expenses paid with money from the account;

(3) interest attributable to investment of money in the account; and

(4) money received by the commissioner in the form of gifts, grants other than federal grants, reimbursements, and appropriations from any source intended to be used for the purposes of the account.

Sec. 23. Minnesota Statutes 1992, section 18E.03, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] The amount of the response and reimbursement fee imposed under subdivisions 3 ~~to 5~~ *and 4* is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.

Sec. 24. Minnesota Statutes 1992, section 18E.04, is amended by adding a subdivision to read:

Subd. 2a. [INELIGIBILITY FOR REIMBURSEMENT OR PAYMENT.] *Pesticides that are sanitizers and disinfectants and are exempt from surcharges are ineligible for reimbursement or payment under this section.*

Sec. 25. Minnesota Statutes 1992, section 21.85, subdivision 10, is amended to read:

Subd. 10. [COMMISSIONER MAY ALTER REQUIREMENTS IN EMERGENCIES.] In the event of acute shortages of any seed or seeds, or the occurrence of other conditions which in the opinion of the commissioner create an emergency which would make impractical the enforcement of any requirement of sections 21.80 to 21.92 relating to the percentage of purity ~~and~~, weed seed content, *and the variety name* of any seed or seeds, the commissioner may temporarily change and alter any requirement relating to percentage of purity ~~and~~, weed seed content, *and the variety name* for the duration of the emergency.

Sec. 26. Minnesota Statutes 1992, section 32.11, is amended to read:

32.11 [DISCRIMINATION IN BUYING *AND SELLING; SCHEDULE OF PRICES.*]

(a) Any person, firm, copartnership, or corporation engaged in the business of buying milk, cream or butterfat for manufacture or for sale of such milk, cream, or butterfat, who shall discriminate between different sections, localities, communities, or cities of this state, or who shall discriminate between persons in the same section, locality, community or city of this state, by purchasing such commodity at a higher price or rate from one person or in one locality than is paid for the same commodity by such person, firm, copartnership, or corporation in the same locality or in another locality, after making due allowance for the difference, if any, in the reasonable cost of transportation from the locality of purchase to the locality of manufacture or locality of sale of such milk, cream, or butterfat, shall be deemed guilty of unfair discrimination, which is a misdemeanor.

(b) A processor or wholesaler who sells selected class I or class II dairy products as defined in section 32.70 in Minnesota shall maintain a current schedule of prices showing rebates, discounts, refunds, and price differentials for the selected dairy products offered for sale at wholesale to retailers or to another wholesaler.

Sec. 27. Minnesota Statutes 1992, section 32.25, subdivision 1, is amended to read:

Subdivision 1. [MILK FAT, PROTEIN, AND SOLIDS NOT FAT BASES OF PAYMENT; TESTS.] ~~All~~ Milk ~~and cream~~ *must be* purchased from producers ~~shall be purchased by weight and~~ *using a formula based on* one or more of the following ~~methods~~:

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

~~(1)~~ *(2)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat~~ *for the pounds of milk fat contained in the milk*;

~~(2)~~ *(3)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent~~ *for the pounds of* protein *contained in the milk*;

~~(3)~~ *(4)* payment of a standard rate ~~with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent~~ *for the pounds of* solids not fat *contained in the milk; or*

(5) payment of standard rates based on other attributes of value in the milk.

In addition, an adjustment ~~to the milk price~~ may be made on the basis of milk quality~~, and the component price payment may be subject to the milk quality~~ *and other premiums*.

Testing procedures for determining the percentages of milk fat, protein, and ~~milk~~ solids not fat ~~shall be~~ *must comply with the Association of Analytical Chemists approved methods or be as* adopted by rule.

Sec. 28. Minnesota Statutes 1992, section 325F.19, subdivision 7, is amended to read:

Subd. 7. "Presenting a clear and present danger" means known to cause physical damage to structure or health hazards to occupants through continuing direct contact or release of *a* hazardous ~~substances~~ *substance* as defined in section ~~24.33~~ *115B.02*.

Sec. 29. Laws 1993, chapter 65, section 6, subdivision 2, is amended to read:

Subd. 2. [BASIC COST.] (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler. *Basic cost for a wholesaler does not include any part of an over-order premium assessment under section 32.73.*

(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler. *Basic cost for a retailer does not include any part of an over-order premium assessment under section 32.73.*

Sec. 30. Laws 1993, chapter 65, section 8, subdivision 1, is amended to read:

Subdivision 1. [POLICY; PROCESSORS; WHOLESALERS; RETAILERS.] (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact upon small volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than ~~107.5~~ *(1) 105* percent of the retailer's basic cost *until June 30, 1994; and (2) the retailer's basic cost beginning July 1, 1994, and thereafter*. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.

Sec. 31. Laws 1993, chapter 65, section 9, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] Selected class I dairy products sold as home delivery retail sales, *sales involving the women, infants, and children nutrition program (WIC),* and sales to public or nonpublic schools are exempt from assessment under this section.

Sec. 32. Laws 1993, chapter 65, section 9, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] Not later than February 1 of ~~1994~~ *1995* and each year thereafter, the commissioner, after consultation with representatives of the dairy production, processing, and marketing industries, shall report to the chairs of the agriculture committees of the senate and the house of representatives on the impacts and benefits to dairy farmers of the over-order premium and dairy marketing partial deregulation provisions of this act and the level of over-order premiums provided by common marketing agencies in the upper midwest during the previous calendar year. In addition, the February 1, ~~1994~~ *1995* report must provide recommendations concerning the desirability of exempting from the over-market premium assessment selected class I dairy products sold to certain not-for-profit customers, including hospitals, nursing homes, licensed day care providers, and residential care facilities and institutions. The report provided by the commissioner on February 1, 1995, must include an assessment of the impact of the removal of retail price controls during the month of June, 1994.

Sec. 33. [COMMISSIONER'S NOTICE TO RETAILERS.]

The commissioner of agriculture shall provide written notice to persons who sell selected class I or class II dairy products at retail, as those terms are defined in Laws 1993, chapter 65, of the provisions of Laws 1993, chapter 65, and this act relating to the requirements for pricing at the retail level. The commissioner shall make every effort to provide such notice as soon as is reasonably possible.

Sec. 34. [TASK FORCE; DAIRY PRICE DEREGULATION.]

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] *There is established a task force on dairy price deregulation consisting of:*

(1) the chairs of the commerce and consumer protection and agriculture and rural development committees of the senate or members designated by the chairs;

(2) the chairs of the agriculture and commerce and economic development committees of the house of representatives or members designated by the chairs;

(3) one minority party member of the senate appointed by the minority leader of the senate;

(4) one minority party member of the house of representatives appointed by the minority leader of the house; and

(5) six members appointed by the governor.

Members appointed by the governor must represent consumers and processors, wholesalers, and the retail segment of the dairy industry. The governor shall make all appointments to the task force not later than July 1, 1993.

Members appointed by the governor shall be compensated as provided under Minnesota Statutes, section 15.059, subdivision 6.

The governor shall select a chair from among the members of the task force.

Subd. 2. [DUTIES; STAFF SUPPORT.] *The task force shall conduct a study of the dairy processing and marketing industry, including:*

(1) the impacts and benefits to processors, wholesalers, retailers, and consumers of dairy marketing partial deregulation;

(2) the impacts that would occur under various levels of deregulation at the processor, wholesale, and retail segments of the dairy industry; and

(3) the feasibility of requiring uniform wholesale prices to all retailers of class I and class II dairy products.

Upon request of the task force, the commissioner of agriculture shall provide technical and staff assistance to the task force.

Subd. 3. [REPORT.] *Not later than February 1, 1994, the task force shall report to the legislature on its findings and recommendations.*

Subd. 4. [EXPIRATION.] *The task force expires May 1, 1994.*

Subd. 5. [APPROPRIATION.] *There is appropriated to the commissioner of agriculture in fiscal year 1994, from the dairy services account, amounts necessary for the costs incurred for expenses of task force members under Minnesota Statutes, section 15.059, subdivision 6, and costs for preparation and production of the report.*

Sec. 35. [EDUCATION SPECIALIST; AGRICULTURE.]

The department of education shall maintain the current functions and responsibilities related to agriculture, secondary agriculture education, and the Future Farmers of America (FFA) that were performed by an education specialist II on June 1, 1992. A person qualified with a background in agriculture education must be assigned to fulfill these responsibilities.

Sec. 36. [APPROPRIATION; EDUCATION SPECIALIST AGRICULTURE.]

$35,000 in fiscal year 1994 and $35,000 in fiscal year 1995 are appropriated from the general fund to the commissioner of education to maintain the current functions and responsibilities as described in section 35.

Sec. 37. [OILSEED PROCESSING; FEASIBILITY.]

The commissioner of agriculture shall conduct a study of the feasibility of developing a producer-controlled oilseed production facility to process canola, crambe, and other grains. Consideration shall be given to grants,

loans, tax incentives, and bonding. The commissioner shall work with agricultural utilization research institute, the University of Minnesota, and other interested parties. The commissioner shall report the findings of the study to the house committee on agriculture and the senate committee on agriculture and rural development by January 15, 1994.

Sec. 38. [REPORTS ON PESTICIDE CONTAINERS AND WASTE PESTICIDES.]

Subdivision 1. [AGRICULTURAL PESTICIDE CONTAINERS.] *The commissioner shall prepare a report with recommendations to the legislature by January 1, 1995, on the handling of empty agricultural pesticide containers and unused portions of agricultural pesticides used for the production of food, feed, or fiber crop use using the following criteria:*

(1) the minimization of the disposal of agricultural pesticide containers and waste agricultural pesticides;

(2) the collection and recycling of agricultural pesticide containers; and

(3) the collection and disposal of waste agricultural pesticides.

Subd. 2. [PESTICIDE CONTAINERS.] *The commissioner shall prepare a report with recommendations to the legislature by January 1, 1997, on the handling of empty pesticide containers and waste pesticides and shall report on the progress made in achieving the following goals:*

(1) the minimization of the disposal of pesticide containers and waste pesticides;

(2) the collection and recycling of pesticide containers; and

(3) the collection and proper disposal of waste pesticides.

Subd. 3. [RECOMMENDATIONS.] *Each report required under this section shall also include recommendations for the internalization of the management costs for waste pesticides and pesticide containers amongst pesticide manufacturers, distributors, and retailers.*

Sec. 39. [APPROPRIATIONS.]

$200,000 in fiscal year 1994 and $200,000 in fiscal year 1995 are appropriated from the pesticide regulatory account to the agricultural project utilization account to be used for cooperative research including pesticide use reduction, technology transfer of pesticide reduction practices, and the evaluation and demonstration of best management practices as developed by the department of agriculture, with the goals of achieving a reduction in input costs of producers and improving utilization of integrated pest management, biological pest controls, and other pesticide reduction practices. Research may also be conducted regarding agricultural chemical spill site remediation.

Sec. 40. [TRANSFER OF FUNDS.]

The commissioner of finance shall transfer any remaining balance in the dairy industry unfair trade practices account to the dairy services account.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42, are repealed.

Sec. 42. [EFFECTIVE DATE.]

Section 26 is effective June 1, 1993. Sections 29, 33, 34, and 40 are effective the day following final enactment. Section 27, is effective August 1, 1993, and is not subject to the contingency contained in Laws 1984, chapter 509, section 2. Sections 30 and 31 are effective August 1, 1993. Sections 35 and 36 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to agriculture; providing for the continued use of unregistered pesticides; modifying procedures for the return of empty pesticide containers and unused portions of pesticides; changing the amounts of the ACCRA surcharges; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; making changes in the laws on pesticides and agricultural chemicals; changing provisions regarding the pricing of certain dairy products; repealing the hazardous substance labeling act; requiring studies; maintaining an agriculture education specialist; transferring certain funds; appropriating money; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.065, by adding a subdivision; 18B.135, subdivision 1; 18B.14, subdivision 2; 18B.26, subdivisions 1 and 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18D.103, by adding a subdivision; 18D.105, by adding a subdivision; 18E.03, subdivisions 2, 3, 4, 6, and 7; 18E.04, by adding a subdivision; 21.85, subdivision 10; 32.11; 32.25, subdivision 1; and 325F.19, subdivision 7; Laws 1993, chapter 65, sections 6, subdivision 2; 8, subdivision 1; and 9, subdivisions 4 and 7; repealing Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42."

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

House Conferees: (Signed) Andy Steensma, Stephen G. Wenzel, Gene Hugoson

Senate Conferees: (Signed) Steven Morse, Joe Bertram, Sr., Jane Krentz

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1225 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. 1225 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Berg	Chmielewski	Flynn	Johnson, D.J.
Anderson	Berglin	Cohen	Frederickson	Johnson, J.B.
Belanger	Bertram	Day	Hottinger	Johnston
Benson, D.D.	Betzold	Dille	Janezich	Kelly
Benson, J.E.	Chandler	Finn	Johnson, D.E.	Kiscaden

Knutson	Marty	Neuville	Price	Solon
Krentz	McGowan	Novak	Ranum	Spear
Kroening	Merriam	Oliver	Reichgott	Stevens
Laidig	Metzen	Olson	Riveness	Stumpf
Langseth	Moe, R.D.	Pappas	Robertson	Terwilliger
Lesewski	Mondale	Pariseau	Runbeck	Wiener
Lessard	Morse	Piper	Sams	
Luther	Murphy	Pogemiller	Samuelson	

Messrs. Beckman, Larson and Vickerman 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. 663: A bill for an act relating to elections; authorizing the filing officer to keep from the ballot the name of a person who is a convicted felon, under guardianship, or found incompetent; amending Minnesota Statutes 1992, section 204B.10, by adding a subdivision.

Senate File No. 663 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

CONCURRENCE AND REPASSAGE

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 663 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 663 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Kroening	Murphy	Runbeck
Anderson	Finn	Laidig	Neuville	Sams
Beckman	Flynn	Langseth	Novak	Samuelson
Belanger	Frederickson	Larson	Oliver	Solon
Benson, D.D.	Hottinger	Lesewski	Olson	Spear
Benson, J.E.	Janezich	Lessard	Pappas	Stevens
Berg	Johnson, D.E.	Luther	Pariseau	Stumpf
Berglin	Johnson, D.J.	Marty	Piper	Terwilliger
Bertram	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Betzold	Johnston	Merriam	Price	Wiener
Chandler	Kelly	Metzen	Ranum	
Chmielewski	Kiscaden	Moe, R.D.	Reichgott	
Cohen	Knutson	Mondale	Riveness	
Day	Krentz	Morse	Robertson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Luther moved that H.F. No. 1094 be taken from the table. The motion prevailed.

H.F. No. 1094: A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

Ms. Wiener moved to amend the Lessard amendment to H.F. No. 1094, adopted by the Senate May 17, 1993, as follows:

Page 1, delete lines 7 to 32 and insert:

"Sec. 72. [STUDY OF LAWYER FINANCIAL RESPONSIBILITY.]

The supreme court is requested to study the issue of lawyers' financial responsibility for malpractice to their clients and report back to the legislature with recommendations by January 1, 1994. The recommendations should include the terms and conditions under which lawyers should be required to maintain malpractice insurance or other evidence of financial responsibility."

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

Mr. Luther moved to amend the Berglin amendment to H.F. No. 1094, adopted by the Senate May 17, 1993, as follows:

Page 2, line 3, delete "*January*" and insert "*July*"

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

Mr. Luther then moved to amend the Benson, D.D. amendment to H.F. No. 1094, adopted by the Senate May 17, 1993, as follows:

Page 1, after line 30, insert:

"Page 56, line 25, after the period, insert "*Section 72 is effective July 1, 1994.*""

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

H.F. No. 1094 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Pogemiller moved that H.F. No. 125 be taken from the table. The motion prevailed.

H.F. No. 125: A bill for an act relating to education; permitting independent school district No. 279, Osseo, to adopt an alternating eight-period schedule; exempting the district from certain statutory instructional time requirements through the 1995-1996 school year.

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 66 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Runbeck
Anderson	Finn	Kroening	Murphy	Sams
Beckman	Flynn	Laidig	Neuville	Samuelson
Belanger	Frederickson	Langseth	Novak	Solon
Benson, D.D.	Hanson	Larson	Oliver	Spear
Benson, J.E.	Hottinger	Lesewski	Olson	Stevens
Berg	Janezich	Lessard	Pappas	Stumpf
Berglin	Johnson, D.E.	Luther	Pariseau	Terwilliger
Bertram	Johnson, D.J.	Marty	Piper	Vickerman
Betzold	Johnson, J.B.	McGowan	Pogemiller	Wiener
Chandler	Johnston	Merriam	Price	
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

Ms. Robertson voted in the negative.

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

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 the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 553, 1297, 785 and 544.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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. 1368, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1368: A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

Senate File No. 1368 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1749, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1749 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1749

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 state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1749, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 1749 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies or officials 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	$ 667,000
COMMUNITY COLLEGES	1,367,000
STATE UNIVERSITIES	1,161,000
UNIVERSITY OF MINNESOTA	2,000,000
K-12 EDUCATION	12,000,000
HUMAN SERVICES	8,765,000
CORRECTIONS	9,812,000
ADMINISTRATION	11,255,000
PUBLIC FACILITIES AUTHORITY	4,000,000
POLLUTION CONTROL AGENCY	11,000,000
TRANSPORTATION	9,900,000
HISTORICAL SOCIETY	150,000
VETERANS HOMES BOARD	400,000
BOND SALE EXPENSES	63,000

CANCELLATIONS	(8,115,000)
TOTAL	$64,425,000
Bond Proceeds Fund	54,640,000
Transportation Fund	9,900,000
Maximum Effort School Loan Fund	5,000,000
Trunk Highway Fund	3,000,000
Cancellations	(8,115,000)

APPROPRIATIONS

$

Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section 667,000

Notwithstanding Minnesota Statutes, section 475.61, subdivision 4, the state board of technical colleges 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.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings, structures, and improvements provided for in this section.

During the biennium, the state board may delegate the authority provided in this section to the campus president 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.

The state board may delegate responsibilities to technical college staff.

Subd. 2. Capital Asset Preservation and Repair 413,000

This appropriation is for roof repair and replacement, code compliance, critically needed repair of buildings, hazardous ma-

terial and asbestos abatement, tank removal and replacement, emergency lighting, parking lots, and handicap access throughout the technical college system.

Subd. 3. Thief River Falls Technical College 254,000

To install a new water main to meet code requirements.

Subd. 4. Dakota County Technical College

Dakota County Technical College may complete the decision driving course using local money.

Subd. 5. Red Wing Technical College

Up to $500,000 of proceeds from the sale of the Towerview campus is appropriated to the state board of technical colleges to remodel and improve the Red Wing campus to house the programs moved from the Towerview campus.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the state board for community colleges for the purposes specified in this section 1,367,000

Subd. 2. Capital Asset Preservation and Repair 667,000

This appropriation is for code compliance, critically needed repair of buildings, roof replacement and repair, hazardous material and asbestos abatement, mechanical/electrical system rehabilitation, emergency lighting, parking lots, and handicap access throughout the community college system.

Subd. 3. University Center at Rochester 700,000

For capital equipment at the new university center.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section 1,161,000

Subd. 2. Capital Asset Preservation and Repair 466,000

This appropriation is for code compliance, critically needed repair of build-

ings, hazardous material and asbestos abatement, parking lots, and roof repair and replacement throughout the state university system.

Subd. 3. St. Cloud State University 200,000

Plan for new boiler.

Subd. 4. Land Acquisition 495,000

To acquire land for the campuses of Metropolitan state university, Moorhead state university, and St. Cloud state university. At least $400,000 is available for land acquisition at Metropolitan state university.

Up to $123,000 of the unencumbered balance remaining from the money appropriated in Laws 1989, chapter 300, article 1, section 4, subdivision 6, to repair the exterior of the business building at St. Cloud State University may be used to acquire additional land adjacent to or in the vicinity of St. Cloud State campus.

Sec. 5. UNIVERSITY OF MINNESOTA 2,000,000

To the regents of the University of Minnesota for the purposes specified in this section

This appropriation is for code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, emergency lighting, water pipe repair, and improved handicap access throughout the university system.

Sec. 6. EDUCATION

Subdivision 1. To the commissioner of education for the purposes specified in this section 12,000,000

Subd. 2. Maximum Effort School Loans 5,000,000

To the commissioner of education from the maximum effort school loan fund to make capital loans to school districts as provided in Minnesota Statutes, sections 124.36 to 124.46.

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economi-

cal. 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.

$7,967,000 is approved for a capital loan to independent school district No. 707, Nett Lake, of which $5,000,000 is included in this appropriation.

Subd. 3. School District Construction Grant – Grant County 6,000,000

This appropriation is from the bond proceeds fund for a cooperative secondary facilities grant under Minnesota Statutes, sections 124.491 to 124.495. Notwithstanding those sections, the commissioner of education shall award the grant to the group of districts that make up the Grant county project, consisting of independent school district Nos. 209, Kensington; 262, Barrett; 263, Elbow Lake-Wendell; and 265, Hoffman.

Subd. 4. Architectural Barriers Grants 1,000,000

$1,000,000 is for grants under sections 20 to 23. Up to $25,000 of this appropriation is available to the department of education for administrative expenses specifically related to the disbursement of the grants. The department may contract for these services.

Sec. 7. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes listed in this section 8,765,000

Subd. 2. St. Peter Regional Treatment Center 400,000

This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 2, and shall be used to plan, design, construct, and equip a 50-bed facility at the Minnesota security hospital for psychopathic personality patients and for mentally ill and dangerous patients. The facility must be built to psychopathic personality licensing standards.

Subd. 3. Design of Psychopathic Personality Facilities

In order to expedite the design of the psychopathic personality facilities at both Moose Lake and St. Peter, the commissioner of administration may select for both projects the design firm originally selected for the psychopathic personality facility authorized in Laws 1992, section 8, subdivision 2, without further procedures under Minnesota Statutes, section 16B.33.

Subd. 4. St. Peter Regional Treatment Center 115,000

For remodeling the kitchen, including kitchen fixtures, at the regional treatment center at St. Peter.

Subd. 5. Moose Lake Regional Treatment Center 7,250,000

To plan, design, construct, and equip a new supervised living facility for 100 psychopathic personality patients adjacent to the Moose Lake regional treatment center.

The total cost for this project must not exceed $20,050,000. This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 6.

In accordance with Minnesota Statutes, section 15.16, the commissioners of human services and natural resources shall develop a recommendation by July 15, 1993, for transferring custodial control of state land necessary to properly site the new psychopathic personality facility at Moose Lake.

Construction on the 100 unit facility at Moose Lake for psychopathic personality patients must not be commenced until construction has been commenced on the 50-bed facility at St. Peter provided for in subdivision 2, except that this limitation does not restrict site preparation.

The commissioner of administration shall report to the legislature by February 1, 1994, on the progress on both of the authorized facilities for psychopathic personality patients and related projects.

Subd. 6. Brainerd Regional Human Services Center 700,000

To plan, design, equip, and remodel the Brainerd regional human services center to accommodate 75 patients to be transferred from the Moose Lake regional treatment center.

The unencumbered balance of the appropriation in Laws 1990, chapter 610, article 1, section 12, subdivision 7, that is for remodeling at Brainerd, estimated to be $1,409,000, must also be used for this facility.

Subd. 7. Cambridge Regional Human Services Center 300,000

To remodel Boswell Hall so that services for clients at the Cambridge center can be consolidated and moved from older buildings, and to bring Boswell Hall into compliance with life safety building codes and program licensure standards.

This appropriation must not be used to prepare space for or to move clients from another regional treatment center to the Cambridge center.

Sec. 8. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes listed in this section 9,812,000

Subd. 2. Minnesota Correctional Facility at Willow River/Moose Lake 9,600,000

To convert the Moose Lake regional treatment center to a medium security prison housing up to 620 inmates, to meet safety codes, to design and construct a prison industry building and to design a gym building. This amount may be spent for design, engineering, construction, remodeling of existing buildings, and for fencing and security improvements. The total cost of the project must not exceed $25,800,000.

Subd. 3. Minnesota Correctional Facility – Red Wing 212,000

To plan to replace Dayton Cottage with a 30-bed residential facility for the secure detention of violent and predatory juvenile offenders until they are able to control their behavior in an open campus

environment. The total cost of the project must not exceed $3,020,000.

Sec. 9. ADMINISTRATION

Subdivision 1. To the commissioner of administration for purposes specified in this section 11,255,000

Subd. 2. Sewer Separation 1,300,000

To separate the sanitary and storm sewers in the capitol area under state jurisdiction in conjunction with the combined sewer overflow program established by the 1985 legislature.

Subd. 3. Arden Hills State Facilities 285,000

To provide funding for new water, sewer, and fire safety service for the surplus property facility and public safety training center in Arden Hills.

Subd. 4. Transportation Building 3,000,000

This appropriation is from the trunk highway fund for partial renovation of the transportation building. Authorized expenditures include renovation of the seventh and eighth floors, purchase and installation of basic mechanical and electrical equipment for all floors, and removal of hazardous waste materials. Of this appropriation, $80,000 is for relocation within the transportation building.

Subd. 5. Judicial Center – Phase IIb 6,670,000

To complete the renovation of the old historical society building to meet the facility and program needs of the new judicial center.

Sec. 10. PUBLIC FACILITIES AUTHORITY 4,000,000

To the public facilities authority for the state match to federal grants to capitalize the state water pollution control revolving fund under Minnesota Statutes, section 446A.07.

Sec. 11. POLLUTION CONTROL AGENCY 11,000,000

To the commissioner of the pollution control agency for the state share of combined sewer overflow grants under

Minnesota Statutes, section 116.162, for projects begun during fiscal years 1993 or 1994.

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.

Under Minnesota Statutes, section 446A.071, subdivision 8, the pollution control agency shall transfer all free, unencumbered balances from appropriations in Laws 1987, chapter 400, section 7, clause (a); Laws 1989, chapter 300, article 1, section 17, clause (b); and Laws 1990, chapter 610, article 1, section 22, clauses (c) and (d), to the public facilities authority for use in the wastewater infrastructure funding program. The transfer shall be made before July 1, 1993, except that up to $100,000 need not be transferred before September 30, 1995.

Sec. 12. NATURAL RESOURCES

Subdivision 1. Stillwater Flood Control Project

$200,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for a grant to the city of Stillwater for up to one half of the required nonfederal share of the construction of a flood control levee. This funding is contingent upon passage of the federal appropriation.

Subd. 2. State Forest Inholdings

$60,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to acquire inholdings in an existing state forest.

Subd. 3. Dam Repair and Replacement

$100,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for the

emergency repair of the publicly-owned Stewartville dam under Minnesota Statutes, section 103G.511.

Subd. 4. Wildlife Management Areas

$90,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to complete the acquisition of Byrne lake in Swift county so that it may be established as a wildlife management area.

Subd. 5. Split Rock Creek Dam

$350,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for emergency repair of the Split Rock Creek dam.

Sec. 13. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. Conservation Reserve

$500,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources for the reinvest in Minnesota conservation reserve program under Minnesota Statutes, section 103F.515.

Subd. 2. Redwood River Dam Land Acquisition

$250,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources for the southern Minnesota rivers basin area II program under Minnesota Statutes, sections 103F.171 to 103F.187. This is for land acquisition for the RW-22 project in Lyon county.

Sec. 14. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section 9,900,000

Subd. 2. Bloomington Ferry Bridge 6,900,000

This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to the commissioner of transportation to match federal funds to complete the Bloomington ferry bridge.

Subd. 3. Local Bridge Replacement and Rehabilitation 3,000,000

This appropriation is from the state transportation fund.

The commissioner of transportation shall make grants to political subdivisions for the construction and reconstruction of key bridges on highways and streets under their jurisdiction.

The grants may be used by a political subdivision to construct and reconstruct key bridges under its jurisdiction; match federal aid grants for construction and reconstruction of the bridges; pay the costs of preliminary engineering and environmental studies for the bridges; pay the costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement is made; and 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 economical than the reconstruction or replacement of the existing bridge.

Sec. 15. HISTORICAL SOCIETY 150,000

This appropriation is for matching funds for emergency capital improvements to publicly owned county and publicly owned local historical societies' buildings. The state's share must not exceed 50 percent of the cost of each project.

Sec. 16. VETERANS HOMES BOARD 400,000

To the veterans homes board for architectural design, engineering, and structural analysis for the renovation of the Minneapolis veterans home campus.

The veterans home board may apply for federal participation in the renovation of the Minneapolis veterans home campus.

The veterans home board may use the unencumbered balance remaining from the appropriation in Laws 1990, article 1, chapter 610, section 9, for life safety improvements at the Minneapolis veterans home.

Sec. 17. BOND SALE EXPENSES 63,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 18. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1995, no more than $457,455,000 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. During the biennium, 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. 19. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] *To provide the money appropriated in this act from the 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 $54,640,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.*

Subd. 2. [TRANSPORTATION FUND.] *To provide the money appropriated in this 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 $9,900,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.*

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] *To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to $5,000,000 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 maximum effort school loan fund.*

Sec. 20. [124C.71] [SCHOOL BUILDING ACCESSIBILITY CAPITAL IMPROVEMENT GRANT ACT.]

Sections 20 to 22 may be cited as the "school building accessibility capital improvement grant act."

Sec. 21. [124C.72] [APPROVAL; APPLICATION FORMS.]

Subdivision 1. [APPROVAL BY COMMISSIONER.] *The commissioner of education may approve or disapprove applications under section 22. The grant money must be used only to remove architectural barriers from a building or site.*

Subd. 2. [APPLICATION FORMS.] *The commissioner of education shall prepare application forms and establish application dates.*

Subd. 3. [MATCH.] *A district applying for a grant under this section must match the grant with local district funds.*

Sec. 22. [124C.73] [GRANT APPLICATION PROCESS.]

Subdivision 1. [QUALIFICATION.] *A school district that meets the criteria required under subdivision 2 may apply for a grant in an amount up to 50 percent of the approved costs of removing architectural barriers from a building or site.*

Subd. 2. [PROJECT REVIEW.] *The commissioner, in consultation with the Minnesota state council on disability, shall review applications for grants. A school district must apply by July 1 of each year in order to be considered for a grant.*

Subd. 3. [AWARD OF GRANTS.] *(a) The commissioner shall examine and consider all applications for grants, and if a district is found not qualified, the commissioner shall promptly notify the district board. The commissioner shall give first priority to school districts that have entered into the cooperation and combination process under sections 122.241 to 122.248, or that have consolidated since January 1, 1987. The commissioner shall further prioritize grants on the basis of the following: the district's tax burden, the long-term feasibility of the project, the suitability of the project, and the district's need for the project. If the total amount of the applications exceeds the amount that is or can be made available, the commissioner shall award grants according to the commissioner's judgment and discretion and based upon a ranking of the projects according to the factors listed above. The commissioner shall promptly certify to each district the amount, if any, of the grant awarded to it.*

(b) For fiscal year 1994, the commissioner may develop criteria in addition to the factors listed in paragraph (a), in order to award demonstration grants.

Subd. 4. [MATCHING REVENUE.] *Upon being awarded a grant under subdivision 3, the board shall determine the need for additional revenue. If the board determines that the local match cannot be made from existing revenue, the board may levy according to section 124.84.*

Subd. 5. [PROJECT BUDGET.] *A district that receives a grant must provide the commissioner with the project budget and any other information the commissioner requests.*

Sec. 23. [1994 GRANTS.]

For fiscal year 1994 only, grants under section 22 may not exceed the lesser of 50 percent of the approved costs of the project or $150,000.

Sec. 24. [SALE OF WASECA CAMPUS.]

Notwithstanding any other law, the board of regents of the University of Minnesota may sell all or part of the land, buildings, and improvements at the Waseca campus to the city of Waseca or other political subdivision in which the campus is located for use for a public purpose, provided that the sale must be subject to the terms and conditions which the commissioner of finance imposes to ensure that the transfer of the property will not affect the validity of or cause the interest on state general obligation bonds issued to finance improvements at the campus to become taxable under the federal tax code. The board of regents must use any proceeds from the sale for capital improvements and report the amount of any proceeds to the education committees of the legislature.

Sec. 25. [CANCELLATIONS AND REDUCTIONS.]

Subdivision 1. [RUSH CITY SCHOOL DISTRICT CAPITAL LOAN.] *The approval of a capital loan to independent school district No. 139, Rush City, authorized in Laws 1992, chapter 558, section 7, subdivision 6, is canceled. The bond authorization in Laws 1992, chapter 558, section 28, subdivision 2, is reduced by $2,130,000, the amount of the canceled loan.*

Subd. 2. [INTERSTATE SUBSTITUTION.] *The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1985, First Special Session, chapter 15, section 9, subdivision 7, is canceled. The bond authorization in Laws 1985, First Special Session, chapter 15, section 21, subdivision 3, is reduced by $235,000.*

Subd. 3. [CAMBRIDGE REGIONAL CENTER.] *The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1987, chapter 400, section 22, subdivision 8, is canceled. The bond authorization in Laws 1987, chapter 400, section 25, subdivision 1, is reduced by $700,000.*

Subd. 4. [1990; HOLMENKOLLEN SKI JUMP.] *The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1990, chapter 610, article 1, section 25, clause (a), is canceled. The bond authorization in Laws 1990, chapter 610, article 1, section 30, subdivision 1, is reduced by $2,500,000.*

Subd. 5. [DULUTH PORT DREDGING.] *With the mutual consent by July 1, 1993, of the commissioner of trade and economic development, the seaway port authority of Duluth, the U.S. Army Corps of Engineers, and any private parties who have pledged private investment to match the $6,100,000 appropriated in Laws 1989, chapter 300, article 1, section 19, item (a), to*

dredge the upper harbor area of Duluth harbor, the commissioner of finance shall reduce the appropriation to $2,000,000. The appropriation is available to the extent it is matched, dollar for dollar, by federal money. No private match is required. If the appropriation is reduced to $2,000,000, then $1,550,000 is reappropriated as provided in sections 12 and 13. The bond sale authorization in Laws 1989, chapter 300, article 1, section 23, subdivision 1, is reduced by $2,550,000.

Sec. 26. [PROJECT CANCELLATIONS.]

The commissioner of finance, after consultation with the commissioner of administration and affected agencies, shall cancel appropriations for capital improvement projects that have been completed and shall recommend to the legislature for action at the 1994 session the cancellation of any excess bond authorizations for projects that have been completed or abandoned.

Sec. 27. Laws 1990, chapter 610, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. State-operated community-based residences	1,000,000

This appropriation is to plan~~,~~ *and* design, *and to* renovate ~~or~~, construct ~~two~~, *lease, or purchase* state-operated community-based ~~residences~~ *residential facilities* 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 *Finance* Division of the House ~~Appropriations Committee~~ *of Representatives* and the Health *Care* and ~~Human~~ *Family* Services Division of the Senate ~~Finance Committee~~.

Sec. 28. [EFFECTIVE DATE.]

This act is effective the day after its final enactment."

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 bonds and canceling previous authorizations; appropriating money, with certain conditions and reducing certain appropriations; amending Laws 1990, chapter 610, article 1, section 12, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 124C."

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

House Conferees: (Signed) Henry J. Kalis, Loren A. Solberg, Leo J. Reding, Steve Trimble, Dave Bishop

Senate Conferees: (Signed) Gene Merriam, Jim Vickerman, Cal Larson, Phil J. Riveness, Randy C. Kelly

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1749 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1749 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Runbeck
Anderson	Finn	Kroening	Neuville	Sams
Beckman	Flynn	Laidig	Novak	Samuelson
Belanger	Frederickson	Langseth	Oliver	Solon
Benson, D.D.	Hanson	Larson	Olson	Spear
Benson, J.E.	Hottinger	Lesewski	Pappas	Stevens
Berg	Janezich	Luther	Pariseau	Stumpf
Berglin	Johnson, D.E.	Marty	Piper	Terwilliger
Bertram	Johnson, D.J.	McGowan	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Merriam	Price	Wiener
Chandler	Johnston	Metzen	Ranum	
Chmielewski	Kelly	Moe, R.D.	Reichgott	
Cohen	Kiscaden	Mondale	Riveness	
Day	Knutson	Morse	Robertson	

So the bill, as amended by the Conference Committee, 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 H.F. No. 984 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 984: A bill for an act relating to state government; modifying provisions relating to the department of administration; amending Minnesota Statutes 1992, sections 13B.04; 15.061; 16B.06, subdivision 2; 16B.17; 16B.19, subdivisions 2 and 10; 16B.24, subdivision 6, and by adding a subdivision; 16B.27, subdivision 3; 16B.32, subdivision 2; 16B.42; 16B.465, subdivision 6; 16B.48, subdivisions 2 and 3; 16B.49; 16B.51, subdivisions 2 and 3; 16B.85, subdivision 1; 94.10, subdivision 1; 343.01, subdivisions 2, 3, and by adding subdivisions; and 403.11, subdivision 1; Laws 1979, chapter 333, section 18; and Laws 1991, chapter 345, article 1, section 17, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1992, sections 3.3026; 16B.41, subdivision 4; 16B.56, subdivision 4; Laws 1987, chapter 394, section 13.

Mr. Riveness moved to amend H.F. No. 984, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DEPARTMENT OF ADMINISTRATION

Section 1. Minnesota Statutes 1992, section 13B.04, is amended to read:

13B.04 [REPORT.]

A responsible authority that participates in a matching program shall prepare a report describing matching programs in which the responsible authority has participated during the previous calendar year. The report must be ~~included in a state agency's description of its information systems prepared under section 3.3026, subdivision 3~~ *filed annually with the department of administration*.

Sec. 2. Minnesota Statutes 1992, section 16B.06, subdivision 2, is amended to read:

Subd. 2. [VALIDITY OF STATE CONTRACTS.] A state contract or lease is not valid and the state is not bound by it until it has first been executed by the head of the agency which is a party to the contract and has been approved in writing by the commissioner or a delegate, under this section, ~~by the attorney general or a delegate as to form and execution,~~ and by the commissioner of finance or a delegate, who shall determine that the appropriation and allotment have been encumbered for the full amount of the contract liability. The head of the agency may delegate the execution of specific contracts or specific types of contracts to ~~a deputy or assistant head within the~~ *an* agency *employee* if the delegation has been approved by the commissioner of administration and filed with the secretary of state. A copy of every contract or lease extending for a term longer than one year must be filed with the commissioner of finance.

Sec. 3. Minnesota Statutes 1992, 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. *Notwithstanding subdivision 6a, paragraph (a),* the commissioner may lease land or premises for ~~five~~ *up to ten* 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 *or use of the space is not feasible, prudent, and cost effective compared with available alternatives.*

(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. 4. Minnesota Statutes 1992, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS; EFFICIENCY PROGRAM.] (a) The commissioner of administration in consultation with the department of public service, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures ~~of up to $15,000,000 by July 1, 1996,~~ on state-owned buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could be reduced by at least 25 percent~~, and climate control energy consumption per square foot could be reduced by at least 15 percent~~ from consumption in the base year of 1990. *All agencies participating in the program must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.*

(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ~~five~~ *ten* years or within the remaining period of a lease, whichever time is shorter,

and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.

~~(c) By January 1, 1993, the commissioner shall submit to the legislature a report that includes:~~

~~(1) an energy use survey of new or added space state buildings occupy;~~

~~(2) a plan for conserving energy without undertaking any physical alterations of the space;~~

~~(3) recommendations for physical alterations that would enable the agency to conserve additional energy along with an estimate of the cost of the alterations; and~~

~~(4) recommendations for additional legislation needed to achieve the goal along with an estimate of any costs associated with the recommended legislation.~~

Sec. 5. Minnesota Statutes 1992, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The ~~commissioner of administration shall appoint an~~ intergovernmental information systems advisory council~~, to serve at the pleasure of the commissioner of administration, consisting of 25 members. Fourteen members shall be appointed or elected officials of local governments, seven shall be representatives of state agencies, and four shall be selected from the community at large. Further, the council shall be~~ *is* composed of (1) two members from each of the following groups: counties outside of the seven county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, ~~and~~ school districts outside the metropolitan area, *and public libraries*; (3) one member each ~~from~~ *appointed by* the state departments of ~~administration,~~ education, human services, revenue, *and jobs and training, the office of strategic and long-range* planning, and the legislative auditor; (4) one member from the office of the state auditor, *appointed by the auditor*; ~~and~~ (5) ~~four members from the state community at large. To the extent permitted by available resources the commissioner shall furnish staff and other assistance as requested by the council~~ *the assistant commissioner of administration for the information policy office; (6) one member appointed by each of the following organizations: league of Minnesota cities, association of Minnesota counties, Minnesota association of township officers, and Minnesota association of school administrators; and (7) one member of the house of representatives appointed by the speaker and one member of the senate appointed by the subcommittee on committees of the committee on rules and administration. The legislative members appointed under clause (6) are nonvoting members. The commissioner of administration shall appoint members under clauses (1) and (2).* The terms, compensation, and removal of *the appointed* members of the advisory council ~~shall be~~ *are* as provided in section ~~15.059, but the council does not expire until June 30, 1993~~ *15.0575*.

Sec. 6. Minnesota Statutes 1992, section 16B.42, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The council shall*:* assist ~~the commissioner~~ *state and local agencies* in developing and updating intergovernmental information systems~~, including data definitions, format, and retention standards; recommend to the commissioner policies and procedures governing the collection, security, and confidentiality of data~~*; facilitate participation of users during the development of major revisions of intergovernmental information systems*; review intergovernmental information and computer systems involving intergovernmental funding; encourage cooperative efforts among *state and* local governments in developing *intergovernmental* information systems ~~to meet individual and collective, operational, and external needs; bring about the necessary degree of standardization consistent with local prerogatives; yield fiscal and other information required by state and federal laws and regulations in readily usable form~~; *present local government concerns to state government and state government concerns to local government with respect to intergovernmental information systems; develop and recommend standards and policies for intergovernmental information systems to the information policy office;* foster the efficient use of available federal, state, local, and private resources for the development of *intergovernmental* systems; keep ~~local governments~~ *government agencies* abreast of the state of the art in information systems~~, and~~*;* prepare guidelines for intergovernmental systems*; and assist the commissioner of administration in the development of cooperative contracts for the purchase of information system equipment and software.*

Sec. 7. Minnesota Statutes 1992, section 16B.42, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] The intergovernmental informations systems advisory council shall (1) recommend to the commissioners of state departments, the legislative auditor, and the state auditor a method for the expeditious gathering and reporting of information and data between agencies and units of local government in accordance with cooperatively developed standards; (2) elect an executive committee, not to exceed seven members from its membership, *which must include the assistant commissioner of the information policy office*; (3) develop an annual plan, to include administration and evaluation of grants, in compliance with applicable rules; (4) provide technical information systems assistance or guidance to local governments for development, implementation, and modification of automated systems, including formation of consortiums for those systems*; and (5) appoint committees and task forces, which may include persons other than council members, to assist the council in carrying out its duties.*

Sec. 8. Minnesota Statutes 1992, section 16B.42, subdivision 4, is amended to read:

Subd. 4. [FUNDING.] Appropriations and other funds made available to the council for staff, operational expenses, *projects,* and grants ~~must be administered through the department of administration~~ *are under the control of the council. The council may contract with the department of administration for staff services and administrative support. The council shall reimburse the department for these services. The council may request assistance from other state and local agencies in carrying out its duties.* Fees charged to local units of government for the administrative costs of the council and revenues derived from royalties, reimbursements, or other fees from software programs,

systems, or technical services arising out of activities funded by current or prior state appropriations must be credited to the general fund. The unencumbered balance of an appropriation ~~for grants~~ in the first year of a biennium does not cancel but is available for the second year of the biennium.

Sec. 9. Minnesota Statutes 1992, section 16B.465, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The commissioner, after consultation with the council, shall:

(1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through ~~the statewide telecommunications access routing system~~ *an account in the intertechnologies* revolving fund;

(2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;

(3) set rates and fees for services;

(4) approve contracts relating to the system;

(5) develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and

(6) develop a plan for interconnection of the network with private colleges in the state.

Sec. 10. Minnesota Statutes 1992, section 16B.465, subdivision 6, is amended to read:

Subd. 6. [REVOLVING FUND.] ~~The statewide telecommunications access and routing system shall operate as part of the intertechnologies revolving fund.~~ Money appropriated ~~to the account~~ *for the statewide telecommunications access routing system* and fees for ~~communications~~ *telecommunications* services ~~provided by the statewide telecommunications access and routing system~~ must be deposited in ~~the~~ *an* account *in the intertechnologies revolving fund*. Money in the account is appropriated annually to the commissioner to operate ~~the statewide~~ telecommunications ~~access and routing system~~ *services*.

Sec. 11. Minnesota Statutes 1992, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money that is deposited in the fund is appropriated annually to the commissioner for the following purposes:

(1) to operate a central store and equipment service;

(2) to operate a central duplication and printing service;

(3) to ~~purchase postage and related items and to refund postage deposits as necessary to~~ operate the central mailing service, *including purchasing postage and related items and refunding postage deposits*;

(4) to operate a documents service as prescribed by section 16B.51;

(5) ~~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)~~ *(6)* to provide analytical, statistical, and organizational development services to state agencies, local units of government, metropolitan and regional agencies, and school districts;

~~(8)~~ *(7)* to provide capitol security services through the department of public safety;

~~(9)~~ *(8)* to operate a records center *and provide micrographics products and services*; and

~~(10)~~ *(9)* to perform services for any other agency. Money may be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Sec. 12. Minnesota Statutes 1992, section 16B.48, subdivision 3, is amended to read:

Subd. 3. [INTERTECHNOLOGIES REVOLVING FUND.] Money in the intertechnologies revolving fund is appropriated annually to the commissioner to operate information, ~~records,~~ and telecommunications services, *including management, consultation, and design services.*

Sec. 13. [16B.482] [REIMBURSEMENT FOR MATERIALS AND SERVICES.]

The commissioner of administration may provide materials and services under chapter 16B to state legislative and judicial branch agencies and to political subdivisions. Legislative and judicial branch agencies and political subdivisions purchasing materials and services from the commissioner of administration shall reimburse the general services, intertechnologies, and cooperative purchasing revolving funds for costs.

Sec. 14. Minnesota Statutes 1992, section 16B.49, is amended to read:

16B.49 [CENTRAL MAILING SYSTEM.]

The commissioner shall maintain and operate for agencies a central mailing system. Official mail of an agency occupying quarters ~~either in the capitol or in adjoining state buildings~~ *within the boundaries of the city of St. Paul* must be delivered unstamped to the central mailing station. Account must be kept of the postage required on that mail, which is then a proper charge against the agency delivering the mail. To provide funds for the payment of postage, each agency shall make advance payments to the commissioner sufficient to cover its postage obligations for at least 60 days.

Sec. 15. Minnesota Statutes 1992, section 16B.51, subdivision 2, is amended to read:

Subd. 2. [PRESCRIBE FEES.] The commissioner may prescribe fees to be charged for services rendered by the state or an agency in furnishing to those

who request them certified copies of records or other documents, certifying that records or documents do not exist and furnishing other reports, publications, *data,* or related material which is requested. The fees, unless otherwise prescribed by law, may be fixed at the market rate. The commissioner of finance is authorized to approve the prescribed rates for the purpose of assuring that they, in total, will result in receipts greater than costs in the fund. Fees prescribed under this subdivision are deposited in the state treasury by the collecting agency and credited to the general services revolving fund. Nothing in this subdivision permits the commissioner of administration to furnish any service which is now prohibited or unauthorized by law.

Sec. 16. Minnesota Statutes 1992, section 16B.51, subdivision 3, is amended to read:

Subd. 3. [SALE OF PUBLICATIONS.] The commissioner may sell official reports, documents, *data,* and ~~other~~ publications of all kinds, may delegate their sale to state agencies, and may establish facilities for their sale within the department of administration and elsewhere within the state service. The commissioner may remit a portion of the price of any publication *or data* to the agency producing the publication *or data. Money that is remitted to an agency is annually appropriated to that agency to discharge the costs of preparing the publications or data.*

Sec. 17. [16B.581] [DISTINCTIVE TAX-EXEMPT LICENSE PLATES.]

Vehicles owned or leased by the state of Minnesota must display distinctive tax-exempt license plates unless otherwise exempted under section 168.012. The commissioner of administration shall design these distinctive plates subject to the approval of the registrar. An administrative fee of $20 and a license plate fee of $10 for two plates per vehicle or a license plate fee of $5 for one plate per trailer is paid at the time of registration. The license plate registration is valid for the life of the vehicle or until the vehicle is no longer owned or leased by the state of Minnesota.

When the state of Minnesota applies for distinctive tax-exempt plates on vehicles previously owned by local units of government, it shall pay an administrative fee of $10 and a plate fee that covers the cost of replacement.

Sec. 18. Minnesota Statutes 1992, section 16B.85, subdivision 1, is amended to read:

Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] The commissioner may implement programs of insurance or alternatives to the purchase of conventional insurance ~~for~~. *This authority does not extend to* areas of risk ~~not~~ subject to*: (1)* collective bargaining agreements, *(2)* plans established under section 43A.18, or *(3)* programs established under sections 176.540 to 176.611, *except for the department of administration.* The mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.

Sec. 19. Minnesota Statutes 1992, section 343.01, is amended by adding a subdivision to read:

Subd. 1a. [MINNESOTA HUMANE SOCIETY; CONTINUATION CONFIRMED.] *The Minnesota humane society, also known as the Minnesota society for the prevention of cruelty, is confirmed and continued as a nonprofit organization under chapter 317A.*

Sec. 20. Minnesota Statutes 1992, section 343.01, is amended by adding a subdivision to read:

Subd. 1b. [INDEPENDENT ORGANIZATIONS; POWERS OF THE FEDERATED HUMANE SOCIETIES.] *(a) The Minnesota humane society, also known as the Minnesota society for the prevention of cruelty, and the Minnesota federated humane societies are not affiliated with each other or with the state of Minnesota.*

(b) The Minnesota federated humane societies have the powers given to it under this chapter.

Sec. 21. Minnesota Statutes 1992, section 343.01, subdivision 2, is amended to read:

Subd. 2. [~~NAME OF FEDERATION~~ *UNAUTHORIZED USE OF NAMES PROHIBITED.*] It ~~shall be~~ *is* unlawful for any organization, association, firm or corporation not ~~authorized by~~ *named in* this chapter to refer to itself as or in any way to use the names Minnesota federated humane societies, Minnesota society for the prevention of cruelty, the Minnesota humane society, or any combination of words or phrases using the above names which would imply that it represents, acts in behalf or is a branch of the *society or the* federation.

Sec. 22. Minnesota Statutes 1992, section 343.01, subdivision 3, is amended to read:

Subd. 3. [POWERS AND DUTIES.] The federation *and the society* must *each* be governed by a board of directors designated in accordance with chapter 317A. The powers, duties, and organization of the federation *and the society* and other matters for the conduct of the business of the federation ~~shall be~~ *and the society are* as provided in chapter 317A and in the ~~federation's~~ articles of incorporation and bylaws *of each organization.*

Sec. 23. Minnesota Statutes 1992, section 403.11, subdivision 1, is amended to read:

Subdivision 1. [EMERGENCY TELEPHONE SERVICE FEE.] (a) Each customer of a local exchange company is assessed a fee to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for minimum 911 emergency telephone service, plus administrative and staffing costs of the department of administration related to managing the 911 emergency telephone service program. Recurring charges by a public utility providing telephone service for updating the information required by section 403.07, subdivision 3, must be paid by the commissioner ~~for information~~ *of administration* if the utility is included in an approved 911 plan and the charges have been certified and approved under subdivision 3. *Money remaining in the 911 emergency telephone service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the commissioner of administration to provide financial assistance to counties for the improvement of local emergency telephone services. The improvements may include providing access to minimum 911 service for telephone service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the department. The improvements may also*

include providing emergency poison information through the 911 emergency telephone service.

(b) The fee may not be less than eight cents nor more than 30 cents a month for each customer access line, including trunk equivalents as designated by the public utilities commission for access charge purposes. The fee must be the same for all customers.

(c) The fee must be collected by each utility providing local exchange telephone service. Fees are payable to and must be submitted to the commissioner of administration monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than $250 a month is due, or annually if less than $25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telephone service account in the special revenue fund. The money in the account may only be used for 911 telephone services as provided in paragraph (a).

(d) The commissioner of administration, with the approval of the commissioner of finance, shall establish the amount of the fee within the limits specified and inform the utilities of the amount to be collected. Utilities must be given a minimum of 45 days notice of fee changes.

Sec. 24. Laws 1979, chapter 333, section 18, is amended to read:

Sec. 18. [ADMINISTRATION]

General Operations and Management	15,136,500	15,595,900

Approved Complement – 956

General – 485

Special – 11

Federal – 7

Revolving – 453

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

Management Services

$ 3,311,200	$ 3,493,300

The commissioner of administration shall transfer two positions from management analysis to records management to allow the department to meet its responsibilities for records management. These positions may revert to management analysis when they are no longer needed to meet those responsibilities.

Real Property Management

$ 7,804,200	$ 7,780,900

~~The commissioner of administration shall charge the department of transportation and the iron range resources and rehabilitation board for engineering services performed on behalf of these agencies.~~

The unencumbered balance in appropriation accounts 16078:14-11 and 16072:14-11 shall be cancelled on July 1, 1979.

State Agency Services

$ 1,224,400 $ 1,222,000

For 1979 – $169,200

$169,200 is available as an advance from the general fund to the surplus property revolving fund. Of this amount, $67,700 is immediately available for payment of outstanding obligations, $40,000 is immediately available as working capital, and $61,500 is available for the reduction of obligations incurred between March 1, 1979, and February 29, 1980.

The commissioner of administration shall provide a monthly report to the commissioner of finance consisting of: an operations statement, a balance sheet, an analysis of changes in retained earnings, and a source and use of funds statement. The commissioner of finance is responsible for approving the allotment of the $61,500 portion of the advance and shall give his approval when potential deficiencies are forecast. If it appears that the $61,500 portion of the advance will be exhausted prior to January 15, 1980, the commissioner of finance shall promptly notify the governor and the legislative advisory commission of the need for an additional advance.

The commissioner of administration shall by January 15, 1980, provide copies of all monthly reports through the period ending December 31, 1979, to the senate finance committee and the house appropriations committee. The commissioner of finance shall by January 15, 1980, recommend the continuance or discontinuance of the federal surplus property activity to the committee on finance in the senate and the committee on appropriations of the house of representatives.

The advance of $169,200 shall be returned in full or in increments to the general fund from the surplus property revolving fund when the commissioner of finance determines that retained earnings are in excess of the working capital requirements of the surplus property revolving fund. In the event the surplus property revolving fund is discontinued, any portion of the advance of $169,200 that has not been returned to the general fund shall, immediately upon liquidation of assets, be paid to the general fund.

Public Services

$ 1,748,900 $ 2,053,400

$37,000 the first year and $40,700 the second year is for the state contribution to the National Conference of State Legislatures.

$43,900 each year is for the state contribution to the Council of State Governments.

$6,500 each year is for the expenses of the Interstate Cooperation Commission.

$5,000 each year is for the Minnesota state employees band.

General Support

$ 1,047,800 $ 1,046,300

The commissioner of administration with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 25. Laws 1991, chapter 345, article 1, section 17, subdivision 4, as amended by Laws 1992, chapter 514, section 20, is amended to read:

Subd. 4. Property Management

23,387,000 8,349,000

$175,000 the first year and $175,000 the second year from the program's total appropriation are for capitol area repairs and replacements. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

$3,825,000 the first year and $3,884,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

The department of administration shall discontinue food service management in the state office building for the biennium ending June 30, 1993. Food service shall be managed by the house rules committee as a pilot project for the biennium.

$50,000 the first year is for the commissioner of administration to study the potential uses for the Waseca campus. The commissioner shall appoint an advisory committee to assist with the study. The commissioner shall report the findings and recommendations from the study to the board of regents, and the education, appropriations, and finance committees of the legislature by January 15, 1992. The appropriation is available if matched by $1 of nonstate money for each $10 of this appropriation. In addition, the board of regents of the University of Minnesota is requested to provide additional funding up to $50,000 to assist in the cost of the study.

The department of administration in consultation with the capitol area architec-

tural and planning board shall study the historic renovation and potential reuse of the Dahl house and report to the senate finance and house appropriations committees by February 1, 1992.

~~By January 31, 1993,~~ The department of administration shall relocate the state printing ~~operation~~ *and related operations* from the Ford building to a more suitable location, ~~preferably outside the capitol complex~~ and shall relocate and consolidate offices of the attorney general in the Ford building~~.~~ *when* the Ford building ~~shall be~~ *is* remodeled as office space *or when a replacement building is constructed on the site.*

By December 31, 1992, the department of administration shall relocate the office of the state auditor to a location within the capitol complex.

$350,000 the first year is for developing a framework for an integrated infrastructure management system including the establishment of a data base of building classification standards. The commissioner of administration shall report by January 1, 1992, on the time and cost of continuing the program for fiscal year 1993.

$961,000 the first year is to improve security at state parking ramps and lots, to be available upon final enactment.

$13,781,000 is for the costs relating to agency relocation, consolidation, and colocation, to be available upon final enactment.

Sec. 26. [APPROPRIATION.]

(a) $100,000 is appropriated from the 911 emergency telephone service account in the special revenue fund to the commissioner of administration to provide emergency poison information through the 911 emergency telephone service. $50,000 is for fiscal year 1994 and $50,000 is for fiscal year 1995.

(b) $100,000 is appropriated from the 911 emergency telephone service account in the special revenue fund to the commissioner of administration to provide financial assistance to counties for the improvement of local emergency telephone services. The improvements may include providing access to minimum 911 service for telephone service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the

department. $50,000 is for fiscal year 1994 and $50,000 is for fiscal year 1995.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, sections 3.3026; 16B.41, subdivision 4; 16B.56, subdivision 4; and Laws 1987, chapter 394, section 13, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Sections 9 to 12 and 26 are effective on July 1, 1993. Sections 1 to 8, 13 to 25, and 27 are effective the day following final enactment.

ARTICLE 2

STATE BUILDING CODE

Section 1. Minnesota Statutes 1992, section 16B.60, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY.] "Municipality" means a city, county, or town meeting the requirements of section 368.01, subdivision 1, the University of Minnesota, or the state for public buildings *and state licensed facilities*.

Sec. 2. Minnesota Statutes 1992, section 16B.60, is amended by adding a subdivision to read:

Subd. 11. [STATE LICENSED FACILITIES.] *"State licensed facilities" means a building and its grounds that are licensed by the state as a hospital, nursing home, supervised living facility, free-standing outpatient surgical center, or correctional facility.*

Sec. 3. Minnesota Statutes 1992, section 16B.61, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATION BY COMMISSIONER.] The commissioner shall administer and enforce the state building code as a municipality with respect to public buildings *and state licensed facilities* in the state. The commissioner shall establish appropriate permit, plan review, and inspection fees for public buildings *and state licensed facilities*. Fees and surcharges for public buildings *and state licensed facilities* must be remitted to the commissioner, who shall deposit them in the state treasury for credit to the special revenue fund.

Municipalities other than the state having a contractual agreement with the commissioner for code administration and enforcement service for public buildings *and state licensed facilities* shall charge their customary fees, including surcharge, to be paid directly to the contractual jurisdiction by the applicant seeking authorization to construct a public building *or a state licensed facility*. The commissioner shall contract with a municipality other than the state for plan review, code administration, and code enforcement service for public buildings *and state licensed facilities* in the contractual jurisdiction if the building officials of the municipality meet the requirements of section 16B.65 and wish to provide those services and if the commissioner determines that the municipality has enough adequately trained and qualified building inspectors to provide those services for the construction project.

Sec. 4. Minnesota Statutes 1992, section 16B.61, subdivision 4, is amended to read:

Subd. 4. [REVIEW OF PLANS FOR PUBLIC BUILDINGS *AND STATE LICENSED FACILITIES.*] Construction or remodeling may not begin on any public building ~~owned by the~~ *or* state *licensed facility* until the plans and specifications ~~of the public building~~ have been approved by the commissioner *or municipality under contractual agreement pursuant to subdivision 1a.* ~~In the case of any other public building,~~ The plans and specifications must be submitted ~~to the commissioner~~ for review, and within 30 days after receipt of the plans and specifications, the commissioner *or municipality under contractual agreement* shall notify the submitting authority of any ~~recommendations~~ *corrections*.

Sec. 5. Minnesota Statutes 1992, section 16B.62, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPAL ENFORCEMENT.] The state building code applies statewide and supersedes the building code of any municipality. The state building code does not apply to agricultural buildings except with respect to state inspections required or rulemaking authorized by sections 103F.141, 216C.19, subdivision 8, and 326.244. All municipalities shall adopt and enforce the state building code with respect to new construction within their respective jurisdictions.

If a city has adopted or is enforcing the state building code on June 3, 1977, or determines by ordinance after that date to undertake enforcement, it shall enforce the code within the city. A city may by ordinance extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction. Where two or more noncontiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated territory even though another city less than four miles distant later elects to enforce the code. After the extension, the city may enforce the code in the designated area to the same extent as if the property were situated within its corporate limits.

A city which, on June 3, 1977, had not adopted the code may not commence enforcement of the code within or outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city *outside of its jurisdiction* commences on the first day of January in the year following the notice and hearing.

Municipalities may provide for the issuance of permits, inspection, and enforcement within their jurisdictions by means which are convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. ~~In areas outside of the enforcement authority of a city, the fee charged for the issuance of permits and inspections for single family dwellings may not exceed the greater of $100 or .005 times the value of the structure, addition, or alteration.~~ The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, the commissioner shall train and

designate individuals available to carry out inspection and enforcement on a fee basis.

Sec. 6. Minnesota Statutes 1992, section 16B.66, is amended to read:

16B.66 [CERTAIN INSPECTIONS.]

The state building inspector may, upon an application setting forth a set of plans and specifications that will be used in more than one municipality to acquire building permits, review and approve the application for the construction or erection of any building or structure designed to provide dwelling space for no more than two families if the set of plans meets the requirements of the state building code. All costs incurred by the state building inspector by virtue of the examination of the set of plans and specifications must be paid by the applicant. ~~The plans and specifications or any plans and specifications required to be submitted to a state agency must be submitted to the state building inspector who shall examine them and if necessary distribute them to the appropriate state agencies for scrutiny regarding adequacy as to electrical, fire safety, and all other appropriate features. These state agencies shall examine and promptly return the plans and specifications together with their certified statement as to the adequacy of the instruments regarding that agency's area of concern.~~ A building official shall issue a building permit upon application and presentation to the official of a set of plans and specifications bearing the approval of the state building inspector if the requirements of all other local ordinances are satisfied.

Sec. 7. Minnesota Statutes 1992, section 16B.70, subdivision 2, is amended to read:

Subd. 2. [COLLECTION AND REPORTS.] All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month but shall retain *the greater of* two percent ~~of the surcharges~~ *or that amount* collected *up to $25* to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter but shall retain *the greater of* four percent ~~of the surcharges~~ *or that amount* collected *up to $25* to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. All surcharges and other fees prescribed by sections 16B.59 to ~~16B.71~~ *16B.73*, which are payable to the state, must be paid to the commissioner who shall deposit them in the state treasury for credit to the general fund.

Sec. 8. Minnesota Statutes 1992, section 16B.72, is amended to read:

16B.72 [REFERENDA ON STATE BUILDING CODE IN NONMETROPOLITAN COUNTIES.]

Notwithstanding any other provision of law to the contrary, a county that is not a metropolitan county as defined by section 473.121, subdivision 4, may provide, by a vote of the majority of its electors residing outside of municipalities that have adopted the state building code before January 1,

1977, that no part of the state building code except the building requirements for handicapped persons applies within its jurisdiction.

The county board may submit to the voters at a regular or special election the question of adopting the building code. The county board shall submit the question to the voters if it receives a petition for the question signed by a number of voters equal to at least five percent of those voting in the last general election. The question on the ballot must be stated substantially as follows:

"Shall the state building code be adopted in ..... County?"

If the majority of the votes cast on the proposition is in the negative, the state building code does not apply in the subject county, outside home rule charter or statutory cities or towns that adopted the building code before January 1, 1977, except the building requirements for handicapped persons do apply.

Nothing in this section precludes a ~~home rule charter or statutory city or town~~ *municipality* that did not adopt the state building code before January 1, 1977, from adopting and enforcing *by ordinance or other legal means* the state building code within its jurisdiction.

Sec. 9. Minnesota Statutes 1992, section 16B.73, is amended to read:

16B.73 [STATE BUILDING CODE IN MUNICIPALITIES UNDER 2,500; LOCAL OPTION.]

The governing body of a municipality whose population is less than 2,500 may provide that the state building code, except the requirements for handicapped persons, will not apply within the jurisdiction of the municipality, if the municipality is located in whole or in part within a county exempted from its application under section 16B.72. If more than one municipality has jurisdiction over an area, the state building code continues to apply unless all municipalities having jurisdiction over the area have provided that the state building code, except the requirements for handicapped persons, does not apply within their respective jurisdictions. *Nothing in this section precludes a municipality from adopting and enforcing by ordinance or other legal means the state building code within its jurisdiction.*

Sec. 10. [INSTRUCTION TO REVISOR.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall change each reference to "state building inspector" to "state building official" in sections 16B.62, subdivision 2; 16B.63, subdivisions 1 to 4; 16B.64, subdivision 7; and 16B.66.

Sec. 11. [EFFECTIVE DATE.]

This article is effective the day following final enactment, except that section 7 is effective July 1, 1993.

ARTICLE 3

REGULATING CONTRACTS FOR PROFESSIONAL OR TECHNICAL SERVICES

Section 1. Minnesota Statutes 1992, section 15.061, is amended to read:

15.061 [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL SERVICES.]

~~Pursuant to the provisions of~~ *In accordance with* section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for ~~consultant services and~~ professional ~~and~~ *or* technical services in connection with the operation of the department or agency. A contract negotiated under this section ~~shall~~ *is* not ~~be~~ subject to the competitive bidding requirements of chapter ~~16~~ *16B*.

Sec. 2. Minnesota Statutes 1992, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. [CONTRACTS.] *The detailed budget estimate must also include the following information on professional and technical services contracts:*

(1) the number and amount of contracts over $25,000 for each agency for the past biennium;

(2) the anticipated number and amount of contracts over $25,000 for each agency for the upcoming biennium; and

(3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 3. [16B.167] [EMPLOYEE SKILLS INVENTORY.]

The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional and technical service contracts as developed through the collective bargaining process.

Sec. 4. Minnesota Statutes 1992, section 16B.17, is amended to read:

16B.17 [~~CONSULTANTS AND~~ *PROFESSIONAL OR* TECHNICAL SERVICES.]

Subdivision 1. [TERMS.] For *the* purposes of this section, ~~the following terms have the meanings given them:~~

~~(a) [CONSULTANT SERVICES.] "Consultant services"~~ *"professional or technical services"* means services ~~which~~ *that* are intellectual in character; ~~which~~ *that* do not involve the provision of supplies or materials; ~~which~~ *that* include *consultation* analysis, evaluation, prediction, planning, or recommendation; and ~~which~~ *that* result in the production of a report *or the completion of a task.*

~~(b) [PROFESSIONAL AND TECHNICAL SERVICES.] "Professional and technical services" means services which are predominantly intellectual in character; which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. [PROCEDURE FOR ~~CONSULTANT AND~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL SERVICES CONTRACTS.] Before approving a proposed state contract for ~~consultant services or~~ professional ~~and~~ *or* technical services the commissioner must determine, at least, that:

(1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) no current state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract; ~~and~~

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed*; and*

(7) the combined contract and its amendments will not extend for more than five years.

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a ~~consultant or~~ professional ~~and~~ *or* technical services contract valued in excess of $5,000, it must certify to the commissioner that:

(1) *the agency has publicized the contract by posting notices at appropriate worksites within agencies and has made reasonable efforts to determine that* no state employee*, including an employee outside the contracting agency,* 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 *to the public*;

(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*; and*

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

The agency certification must provide detail on how the agency complied with this subdivision. In particular, the agency must describe how it complied with clauses (1) and (4) and what steps it has taken to verify the competence of the proposed contractor.

Subd. 3a. [RENEWALS.] *The renewal of a professional or technical contract must comply with all requirements, including notice, required for the original contract. A renewal contract must be identified as such. All notices*

and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.

Subd. 4. [REPORTS.] *(a)* The commissioner shall submit to the governor and the ~~legislature~~ *legislative reference library* a monthly listing of all contracts for ~~consultant services and for~~ professional ~~and~~ *or* 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 *and annual* reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly, quarterly, and annual reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) For an agency listed in section 15.01, within 30 days of final completion of a contract over $5,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page statement to the chairs of the appropriate policy and finance committees or divisions in the legislature. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract to further the agency's mission;

(2) evaluate the conclusions reached under the contract and state how these conclusions help the agency to take action to further accomplish its mission; and

(3) state the amount spent on the contract and explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] *(a)* A ~~consultant or technical and~~ professional *or technical* services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is ~~to be~~ a *written* report, ~~no more than three copies of the report, one in camera ready form, shall be submitted to the~~ *an* agency *must obtain copies in the most cost-efficient manner*. One of the copies must be filed with the legislative reference library.

(b) The terms of a contract entered into by an agency listed in section 15.01 must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has

certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 5. Minnesota Statutes 1992, section 16B.19, subdivision 2, is amended to read:

Subd. 2. [~~CONSULTANT,~~ PROFESSIONAL ~~AND~~ *OR* TECHNICAL PROCUREMENTS.] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or~~ professional ~~and~~ *or* technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ *must* otherwise comply with section 16B.17.

Sec. 6. Minnesota Statutes 1992, section 16B.19, subdivision 10, is amended to read:

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for ~~consultant,~~ professional~~,~~ or technical services under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 7. Minnesota Statutes 1992, section 473.129, is amended by adding a subdivision to read:

Subd. 2a. [CONTRACT CONDITIONS; REPORTING.] *The metropolitan council shall provide by rule conditions for its professional and technical service contracts that are equivalent to the conditions required for state contracts under section 16B.17.*

Sec. 8. [LEGISLATIVE AUDITOR.]

The legislative audit commission shall consider directing the legislative auditor to conduct a follow-up study of agency contracting and compliance with laws governing contracting.

Sec. 9. [TRANSFER.]

During the biennium ending June 30, 1995, the commissioner of administration shall transfer two additional full-time equivalent positions to review professional and technical service contracts.

Sec. 10. [SPENDING LIMITATION ON CONTRACTS.]

During the biennium ending June 30, 1995, the amount spent by a department listed in Minnesota Statutes, section 15.01, from direct-appropriated funds on professional or technical service contracts that are subject to review and approval of the commissioner of administration may not exceed 90 percent of the amount the department spent on these contracts from these funds in the biennium from July 1, 1991, to June 30, 1993. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include: contracts for highway construction or maintenance; contracts entered into by state institutions to provide direct medical or health care services to clients in these institutions; contracts for large-scale information systems projects; contracts for capital development projects, including life and safety improvements; tourism contracts or grants; or contracts between state agencies, contracts between a state agency and the University of Minnesota or a political subdivision,

contracts entered into by the department of health to implement MinnesotaCare, or contracts between a state agency and the federal government.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective July 1, 1993.

ARTICLE 4

LONG-TERM FINANCIAL PLANNING

Section 1. [LONG-TERM FINANCIAL PLANNING.]

By January 1, 1994, the legislative commission on planning and fiscal policy shall recommend to the legislature laws and procedure changes necessary to improve long-term financial planning for the state and local governments. The commission shall consider whether to establish revenue and expenditure goals, methods for assuring structural balance in the budget, and debt capacity guidelines. To facilitate this study, a working group is established consisting of executive branch staff designated by the commissioner of finance, designees of the chairs of the senate finance and house of representatives ways and means committees, and other persons knowledgeable on budget processes or public finance as designated by the commissioner or the chairs."

Delete the title and insert:

"A bill for an act relating to state government; modifying provisions relating to the department of administration; including state licensed facilities in coverage by the state building code; clarifying certain language, changing certain duties of the state building inspector and fee provisions; providing for state financial management reform; appropriating money; amending Minnesota Statutes 1992, sections 13B.04; 15.061; 16A.11, by adding a subdivision; 16B.06, subdivision 2; 16B.17; 16B.19, subdivisions 2 and 10; 16B.24, subdivision 6; 16B.32, subdivision 2; 16B.42, subdivisions 1, 2, 3, and 4; 16B.465, subdivisions 3 and 6; 16B.48, subdivisions 2 and 3; 16B.49; 16B.51, subdivisions 2 and 3; 16B.60, subdivision 3, and by adding a subdivision; 16B.61, subdivisions 1a and 4; 16B.62, subdivision 1; 16B.66; 16B.70, subdivision 2; 16B.72; 16B.73; 16B.85, subdivision 1; 343.01, subdivisions 2, 3, and by adding subdivisions; 403.11, subdivision 1; and 473.129, by adding a subdivision; Laws 1979, chapter 333, section 18; and Laws 1991, chapter 345, article 1, section 17, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1992, sections 3.3026; 16B.41, subdivision 4; 16B.56, subdivision 4; and Laws 1987, chapter 394, section 13."

Mr. Johnson, D.J. moved to amend the Riveness amendment to H.F. No. 984 as follows:

Page 18, after line 8, insert:

"Sec. 26. [UNALLOTMENT AUTHORITY.]

(a) Notwithstanding the provisions of Minnesota Statutes, section 16A.15, subdivision 1, the commissioner of finance shall determine on November 30, 1993 or November 30, 1994, if forecast general fund revenues and expenditures permit funding the budget reserve and cash flow account at $400,000,000. If the commissioner determines that for the remainder of the

biennium, sufficient resources are not available to fund the reserve at $400,000,000, then, after notification of the legislative commission on planning and fiscal policy, the commissioner shall uniformly reduce general fund and local government trust fund appropriations, up to a maximum of one percent of the total biennial appropriation or allotment for each agency, program, or entity to maintain the budget reserve and cash flow account at $400,000,000. Appropriations for debt service and maximum effort school loans are excluded from calculation of the reductions under this section. Appropriations that have been expended need not be recovered. Any local government trust fund balances resulting from the reduction transfer to the general fund. Cumulative, biennial appropriation reductions under this authority may not exceed one percent of total biennial appropriations. The commissioner may defer or suspend prior statutorily created obligations or entitlements to benefits that would prevent making the reductions. If aid to a school district is reduced under this section for the current school year or the next year after the levy year, the district's levy limit shall not be increased as a result of this reduction.

(b) If the commissioner reduces appropriations or allotments under paragraph (a) and on November 30, 1994 the commissioner determines that the budget reserve and cash flow account will exceed $400,000,000, the commissioner shall proportionally increase each appropriation or allotment up to the amount of its reduction under paragraph (a) but not to exceed in aggregate for all appropriations the amount that the budget reserve and cash flow account exceeds $400,000,000.''

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

Amend the title amendment accordingly

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

Mr. Johnson, D.J. then moved to amend the Riveness amendment to H.F. No. 984 as follows:

Pages 24 to 30, delete article 3

Renumber the articles in sequence and correct the internal references

Amend the title amendment accordingly

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

Mr. Johnson, D.J. then moved to amend the first Johnson, D.J. amendment to H.F. No. 984 as follows:

Page 1, line 12, delete ''*notification*'' and insert ''*receiving the advice*''

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

The question recurred on the adoption of the Riveness amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

H.F. No. 984 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Neuville	Sams
Anderson	Frederickson	Laidig	Novak	Samuelson
Beckman	Hanson	Langseth	Oliver	Solon
Belanger	Hottinger	Larson	Olson	Spear
Benson, D.D.	Janezich	Lesewski	Pappas	Stevens
Benson, J.E.	Johnson, D.E.	Lessard	Pariseau	Terwilliger
Berg	Johnson, D.J.	McGowan	Piper	Vickerman
Bertram	Johnson, J.B.	Merriam	Ranum	Wiener
Chmielewski	Johnston	Moe, R.D.	Reichgott	
Cohen	Kelly	Mondale	Riveness	
Day	Kiscaden	Morse	Robertson	
Dille	Knutson	Murphy	Runbeck	

Those who voted in the negative were:

Berglin	Finn	Luther	Metzen	Price
Betzold	Krentz	Marty	Pogemiller	Stumpf
Chandler				

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. 936 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 936: A bill for an act relating to the department of jobs and training; changing its name to the department of economic security.

Mr. Terwilliger moved to amend H.F. No. 936, as amended pursuant to Rule 49, adopted by the Senate May 14, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 961.)

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1992, section 360.024, is amended to read:

360.024 [AIR TRANSPORTATION SERVICES.]

The commissioner shall charge users of air transportation services provided by the commissioner for all direct operating costs, including salaries and acquisition of aircraft. All receipts for these services shall be deposited in the air transportation services account in the state airports fund and are appropriated to the commissioner to pay all direct air service operating costs, including salaries. Receipts to cover the cost of acquisition of aircraft must be transferred and credited to the ~~hangar construction revolving~~ account *or fund whose assets were used for the acquisition.*"

Page 1, after line 10, insert:

"Sec. 3. [APPROPRIATION.]

$2,700,000 is appropriated to the commissioner of transportation to replace a state airplane. $1,620,000 is from the trunk highway fund and $1,080,000 is from the state airports fund. This appropriation is available until expended."

Page 1, line 12, delete "*Section 1*" and insert "*This act*"

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

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

The roll was called, and there were yeas 43 and nays 22, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson	Laidig	Murphy	Solon
Benson, D.D.	Hanson	Langseth	Neuville	Spear
Benson, J.E.	Hottinger	Larson	Oliver	Stevens
Berg	Janezich	Lesewski	Olson	Stumpf
Chmielewski	Johnson, D.E.	Lessard	Pariseau	Terwilliger
Cohen	Johnson, J.B.	McGowan	Piper	Vickerman
Day	Kiscaden	Merriam	Ranum	Wiener
Dille	Knutson	Moe, R.D.	Robertson	
Flynn	Kroening	Mondale	Runbeck	

Those who voted in the negative were:

Anderson	Chandler	Luther	Pappas	Sams
Beckman	Johnson, D.J.	Marty	Pogemiller	Samuelson
Berglin	Johnston	Metzen	Price	
Bertram	Kelly	Morse	Reichgott	
Betzold	Krentz	Novak	Riveness	

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, herewith returned: S.F. No. 176.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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. 1114: A bill for an act relating to commerce; franchises; regulating assignments, transfers, and sales; amending Minnesota Statutes 1992, section 80C.17, subdivisions 1 and 5.

Senate File No. 1114 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

CONCURRENCE AND REPASSAGE

Mr. Luther moved that the Senate concur in the amendments by the House to S.F. No. 1114 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1114: A bill for an act relating to commerce; regulating franchise actions; regulating sales of private label goods; amending Minnesota Statutes 1992, sections 80C.17, subdivisions 1 and 5; and 80C.22, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 325F.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Vickerman
Betzold	Johnson, J.B.	McGowan	Pogemiller	Wiener
Chandler	Johnston	Merriam	Price	
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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

MOTIONS AND RESOLUTIONS – CONTINUED

SUSPENSION OF RULES

Ms. Reichgott 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. 1642 and that the rules of the Senate be so far suspended as to give S.F. No. 1642, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1642: 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 1992, sections 148.181, subdivision 1, as amended; 115A.9651, as amended; 609.605, subdivision 1, as amended; 609.67, subdivision 1, as amended; 624.713, subdivision 1, as amended; Senate File 1105, section 33; Senate File 1570, sections 2, subdivision 7; and 75, subdivision 1; and by adding a section; Senate File 1620, section 79, subdivision 6; House File 574, article 4, section 55; House File 1585, article 1, sections 3; 13, subdivision 1; and 35; and article 4, section 41.

Ms. Reichgott moved to amend S.F. No. 1642 as follows:

Page 13, after line 4, insert:

"Sec. 17. [CORRECTION 6; RESIDENTIAL ROOFERS.] Minnesota Statutes 1992, section 116J.70, subdivision 2a, as amended by 1993 H.F. No. 948, section 1, if enacted, is amended to read:

Subd. 2a. [LICENSE; EXCEPTIONS.] "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

(a) abstracters regulated pursuant to chapter 386;

(b) accountants regulated pursuant to chapter 326;

(c) adjusters regulated pursuant to chapter 72B;

(d) architects regulated pursuant to chapter 326;

(e) assessors regulated pursuant to chapter 270;

(f) attorneys regulated pursuant to chapter 481;

(g) auctioneers regulated pursuant to chapter 330;

(h) barbers regulated pursuant to chapter 154;

(i) beauticians regulated pursuant to chapter 155A;

(j) boiler operators regulated pursuant to chapter 183;

(k) chiropractors regulated pursuant to chapter 148;

(l) collection agencies regulated pursuant to chapter 332;

(m) cosmetologists regulated pursuant to chapter 155A;

(n) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;

(o) detectives regulated pursuant to chapter 326;

(p) electricians regulated pursuant to chapter 326;

(q) embalmers regulated pursuant to chapter 149;

(r) engineers regulated pursuant to chapter 326;

(s) insurance brokers and salespersons regulated pursuant to chapter 60A;

(t) certified interior designers regulated pursuant to chapter 326;

(u) midwives regulated pursuant to chapter 148;

(v) morticians regulated pursuant to chapter 149;

(w) nursing home administrators regulated pursuant to chapter 144A;

(x) optometrists regulated pursuant to chapter 148;

(y) osteopathic physicians regulated pursuant to chapter 147;

(z) pharmacists regulated pursuant to chapter 151;

(aa) physical therapists regulated pursuant to chapter 148;

(bb) physicians and surgeons regulated pursuant to chapter 147;

(cc) plumbers regulated pursuant to chapter 326;

(dd) podiatrists regulated pursuant to chapter 153;

(ee) practical nurses regulated pursuant to chapter 148;

(ff) professional fund raisers regulated pursuant to chapter 309;

(gg) psychologists regulated pursuant to chapter 148;

(hh) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;

(ii) registered nurses regulated pursuant to chapter 148;

(jj) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;

(kk) steamfitters regulated pursuant to chapter 326;

(ll) teachers and supervisory and support personnel regulated pursuant to chapter 125;

(mm) veterinarians regulated pursuant to chapter 156;

(nn) water conditioning contractors and installers regulated pursuant to chapter 326;

(oo) water well contractors regulated pursuant to chapter 156A;

(pp) water and waste treatment operators regulated pursuant to chapter 115;

(qq) motor carriers regulated pursuant to chapter 221;

(rr) professional corporations regulated pursuant to chapter 319A;

(ss) real estate appraisers regulated pursuant to chapter 82B;

(tt) residential building contractors, residential remodelers, *residential roofers, manufactured home installers,* and specialty contractors regulated pursuant to chapter 326;

(4) any driver's license required pursuant to chapter 171;

(5) any aircraft license required pursuant to chapter 360;

(6) any watercraft license required pursuant to chapter 86B;

(7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and

(8) any pollution control rule or standard established by the pollution control agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 18. [CORRECTION 6; RESIDENTIAL ROOFERS.] Minnesota Statutes 1992, section 326.83, subdivision 6, as amended by 1993 H.F. No. 948, section 3, if enacted, is amended to read:

Subd. 6. [PUBLIC MEMBER.] "Public member" means a person who is not, and never was, a residential building contractor, residential remodeler, *residential roofer,* or specialty contractor or the spouse of such person, or a person who has no, or never has had a, material financial interest in acting as a residential building contractor, residential remodeler, or specialty contractor or a directly related activity.

Sec. 19. [CORRECTION 6; RESIDENTIAL ROOFERS.] Laws 1993, chapter 145, section 5, if enacted, is amended to read:

Sec. 5. [326.842] [ROOFERS.]

Roofers are subject to all of the requirements of sections 326.83 to 326.98 *and 326.991, except the recovery fund in section 326.975.*

Sec. 20. [CORRECTION 7; DEFINITION OF FAMILIES: RESIDENTIAL LEAD PAINT DISPOSAL EFFECTIVE DATE.] Minnesota Statutes 1992, section 256D.02, subdivision 5, as amended by Laws 1993, chapter 225, article 6, section 27, if enacted, is amended to read:

Subd. 5. "Family" means the 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.

For the period July 1, 1993, to June 30, 1995, a minor child who is temporarily absent from the applicant's or recipient's home due to placement in foster care paid for from state or local funds, but who is expected to return within six months of the month of departure, is considered to be residing with the applicant or recipient.

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. 21. [CORRECTION 7.] Laws 1993, chapter 225, article 9, section 76, if enacted, is amended to read:

Sec. 76. [EFFECTIVE DATE.]

Sections 1, ~~13 to 17,~~ 24 to 51, 71, 74, and 75, subdivision 1, are effective the day following final enactment. Section 60 is effective July 1, 1995.

Sec. 22. [CORRECTION 12; STATUTORY REFERENCES.] Minnesota Statutes 1992, section 256D.051, subdivision 6, as amended by 1993 S.F. No. 1496, article 6, section 32, is amended to read:

Subd. 6. [SERVICE COSTS.] The commissioner shall reimburse 92 percent of county agency expenditures for providing work readiness services including direct participation expenses and administrative costs, except as provided in section 256.017. State work readiness funds shall be used only to pay the county agency's and work readiness service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in work readiness services. Beginning July 1, 1991, the average annual reimbursable cost for providing work readiness services to a recipient for whom an individualized employability development plan is not completed must not exceed $60 for the work readiness services, and $223 for necessary recipient support services such as transportation or child care needed to participate in work readiness services. If an individualized employability development plan has been completed, the average annual reimbursable cost for providing work readiness services must not exceed $283, except that the total annual average reimbursable cost shall not exceed $804 for recipients who participate in a pilot project work experience program under section ~~56~~ *55*, for all services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in work readiness services. 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 on or after January 1, 1991. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Sec. 23. [CORRECTION 12; STATUTORY REFERENCE.] Minnesota Statutes 1992, section 256B.0913, subdivision 5, as amended by 1993 S.F. No. 1496, article 5, section 63, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

(1) adult foster care;

(2) adult day care;

(3) home health aide;

(4) homemaker services;

(5) personal care;

(6) case management;

(7) respite care;

(8) assisted living;

(9) residential care services;

(10) care-related supplies and equipment;

(11) meals delivered to the home;

(12) transportation;

(13) skilled nursing;

(14) chore services;

(15) companion services;

(16) nutrition services; and

(17) training for direct informal caregivers.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs. (c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) Costs for supplies and equipment that exceed $150 per item per month must have prior approval from the commissioner. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

(i) preparing modified diets, such as diabetic or low sodium diets;

(ii) reminding residents to take regularly scheduled medications or to perform exercises;

(iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;

(iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and

(v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

(i) housekeeping;

(ii) laundry;

(iii) preparation of regular snacks and meals; and

(iv) shopping.

A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services. Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

Reimbursement for assisted living services and residential care services shall be made by the lead agency to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, except for alternative care assisted living projects established under ~~chapter~~ *Laws 1988, chapter 689, article 2, section* 256, whose rates may not exceed 65 percent of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover rent and direct food costs.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Sec. 24. [CORRECTION 14; NURSERY STOCK EXEMPT SALES.] Laws 1993, chapter 138, section 3, is amended to read:

Sec. 3. [18.525] [EXEMPT SALES.]

An organization does not need to obtain a nursery stock dealer certificate before offering *certified* nursery stock for sale or distribution if the organization:

(1) is a nonprofit charitable, educational, or religious organization;

(2) conducts sales or distributions of *certified* nursery stock on ~~ten~~ *14* or fewer days in a calendar year; and

(3) uses the proceeds from its *certified* nursery stock sales or distributions for charitable, educational, or religious purposes.

Sec. 25. [CORRECTION 20; P.E.R.A., RAMSEY COUNTY, CONTRIBUTIONS FOR AUTHORIZED LEAVES OF ABSENCE.] Laws 1993, chapter 207, section 1, subdivision 1, is amended to read:

Subdivision 1. [ELECTION AUTHORIZATION.] Notwithstanding the one-year time limitation for payments for a period of an authorized leave of absence without pay under Minnesota Statutes, section 353.01, subdivision 16, paragraph (c), an employee of Ramsey county who was born on October 13, 1941, may elect to make a payment in lieu of salary deductions for periods of authorized leave of absence without pay occurring from September 10, 1990, to October 29, 1990, and from February 12, 1991, to ~~June 2~~ *August 31*, 1991.

Sec. 26. [CORRECTION 21; MINNESOTACARE.] Minnesota Statutes 1992, section 256.9353, subdivision 1, as amended by 1993 H.F. No. 1178, article 9, section 3, if enacted, is amended to read:

Subdivision 1. [COVERED HEALTH SERVICES.] "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, adult dental care services other than preventive 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, and chemical dependency services. Outpatient mental health services covered under the health right plan are limited to diagnostic assessments, psychological testing, explanation of findings, *medication management by a physician,* day treatment, partial hospitalization, and individual, family, and group psychotherapy. Covered health services shall be expanded as provided in this section.

Sec. 27. [CORRECTION 22; CHILD WELFARE TARGETED CASE MANAGEMENT.] Minnesota Statutes 1992, section 256B.0625, subdivision 32, as added to section 256B.0625 by 1993 S.F. No. 1496, article 3, section 23, if enacted, is amended to read:

Subd. 32. [CHILD WELFARE TARGETED CASE MANAGEMENT.] Medical assistance, subject to federal approval, covers child welfare targeted case management services as defined in section 256B.094 to children under age 21 who have been assessed and determined in accordance with section ~~256F.10~~ *256F.095* to be:

(1) at risk of placement or in placement as defined in section 257.071, subdivision 1;

(2) at risk of maltreatment or experiencing maltreatment as defined in section 626.556, subdivision 10e; or

(3) in need of protection or services as defined in section 260.015, subdivision 2a.

Sec. 28. [CORRECTION 26; LOCAL APPROVAL.] Section 17 of S.F. 429 is effective on approval by the Hibbing city council and compliance with Minnesota Statutes, section 645.021.

Sec. 29. [EFFECTIVE DATE.]

If not otherwise provided, the sections of this act that amend provisions of law passed during the 1993 session of the legislature take effect at the same time that the provisions that they amend take effect."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Reichgott then moved to amend the Reichgott amendment to S.F. No. 1642 as follows:

Page 12, after line 15, insert:

"Sec. 28. [CORRECTION 25; MINNESOTACARE.] Minnesota Statutes 1992, section 124C.62, subdivision 1, as amended by 1993 H.F. No. 1178, article 11, section 1, if enacted, is amended to read:

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of ~~education~~ *health*, through a contract with a nonprofit organization as required by subdivision 4, shall award grants to hospitals and clinics to establish a summer health care intern program. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.

Sec. 29. [CORRECTION 25; REVISOR INSTRUCTION.] The revisor shall recodify Minnesota Statutes 1992, section 124C.62, as corrected by correction 25, into Minnesota Statutes, chapter 144."

Renumber the sections in sequence and correct the internal references

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

S.F. No. 1642 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

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 has adopted the recommen-

dation and report of the Conference Committee on House File No. 427, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 427. is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 427

A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 427, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments to H.F. No. 427, and that H.F. No. 427 be further amended as follows:

Page 1, line 38, of the rule 49 amendment to H.F. No. 427, adopted by the Senate April 22, 1993, after "TAX" insert "TECHNICAL"

Page 11, line 10, of the rule 49 amendment to H.F. No. 427, adopted by the Senate April 22, 1993, after "MISCELLANEOUS" insert "TECHNICAL"

Page 30, line 17, of the rule 49 amendment to H.F. No. 427, adopted by the Senate April 22, 1993, after "TAXES" insert "TECHNICAL"

Page 95, line 21, of the rule 49 amendment to H.F. No. 427, adopted by the Senate April 22, 1993, delete "*273.13*" and insert "*273.123*"

Page 96, after line 7, of the rule 49 amendment to H.F. No. 427, adopted by the Senate April 22, 1993, insert:

"ARTICLE 4

LOCAL AIDS

Section 1. Minnesota Statutes 1992, section 16A.712, is amended to read:

16A.712 [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated from the local government trust fund to the commissioner of revenue unless otherwise specified:

(1) attached machinery aid to counties under section 273.138;

(2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391;

(3) $560,000 in fiscal year 1993 and $300,000 annually in fiscal years 1994 and 1995 for tax administration;

(4) $105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;

(5) $25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;

(6) $350,000 in fiscal year 1993 and $1,200,000 ~~annually~~ in fiscal ~~years 1994 and~~ *year* 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; and

(7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education.

(b) In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1993 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law.

Sec. 2. Minnesota Statutes 1992, section 256E.06, subdivision 12, is amended to read:

Subd. 12. [APPROPRIATION.] $51,566,000 is appropriated from the local government trust fund in fiscal year 1993 ~~and $53,113,000 annually~~, *$50,762,000* in fiscal ~~years~~ *year* 1994, and *$49,499,000 in fiscal year 1995,*

and thereafter to the commissioner of human services for payment of aid under this section. ~~Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1994 and thereafter shall be used to increase each county's aid proportionately over the aid received in calendar year 1992. For calendar year 1993 only, each county's aid will be adjusted appropriately to reflect the increase that is dictated to occur in the second half of the calendar year.~~

Sec. 3. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) ~~"Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.~~

~~(d)~~ "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that ~~for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between $68,000 and $110,000 and 2.5 percent for the market value over $110,000;~~ for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 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. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992.~~ "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For

purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

~~(e)~~ *(d)* "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

~~(f)~~ *(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.

~~(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)~~ *(f) "Equalized school levies" means the amounts levied for:*

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.244, subdivision 2; and

(5) basic transportation under section 124.226, subdivision 1.

(g) "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)~~ *(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," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. ~~Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989.~~ "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

"Taxes levied" excludes ~~actual amounts levied for purposes listed in subdivision 2a~~ *equalized school levies*.

~~(k)~~ *(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;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

~~(l) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12 month period ending on May 31 of such calendar year.~~

~~(o) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p)~~ *(j)* "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.

~~(q)~~ *(k)* "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 *cities, towns, school districts, and* special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

~~(r)~~ *(l)* For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

~~(s)~~ *(m)* "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)~~ *(n)* "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies ~~as defined in subdivision 2a~~.

Sec. 4. Minnesota Statutes 1992, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] ~~(a) For aid payable in 1991,~~ Homestead and agricultural credit aid for each unique taxing jurisdiction equals ~~the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989~~

~~to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.~~

~~(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.~~

~~(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.~~

~~(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.~~

~~(d) Payments under this subdivision to counties in 1990 and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), 4, paragraph (d), and 5.~~

~~(e) Payments under this subdivision to towns in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.~~

~~(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.~~

~~(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by $450,000.~~

~~(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to~~ the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.

Sec. 5. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 3a. [DISPARITY REDUCTION AID TO CITIES.] *Notwithstanding the provisions of subdivision 3 or section 275.08, subdivision 1d, the amount of disparity reduction aid for a city for aid payable in calendar year 1994 and thereafter is zero, and the local tax rate for taxes payable in 1994 and thereafter for a city shall not be adjusted under section 275.08, subdivision 1d. For purposes of this subdivision, city means a statutory or home rule charter city.*

Sec. 6. Minnesota Statutes 1992, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 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~~ *reduced* 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. 7. Minnesota Statutes 1992, section 275.07, is amended by adding a subdivision to read:

Subd. 1a. [APPLICATION OF LIMITATIONS.] *Any limitation upon the amount that may be levied by a local taxing jurisdiction shall apply to the sum of the levy as certified under subdivision 1 plus the certified homestead and agricultural credit aid amount under section 273.1398, subdivision 2, unless the commissioner of revenue certifies to the county auditor that the limitation applies to the levy under subdivision 1 only.*

Sec. 8. Minnesota Statutes 1992, 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 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. 9. Minnesota Statutes 1992, section 477A.011, subdivision 20, is amended to read:

Subd. 20. [CITY *NET* TAX CAPACITY.] "City *net* tax capacity" means (1) ~~23 percent of~~ the net tax capacity computed using the net tax capacity rates ~~listed~~ in ~~Minnesota Statutes 1988,~~ section 273.13, *and the market values* for ~~aids payable in 1990 and the net tax capacity rates listed in Minnesota Statutes 1989 Supplement, section 273.13, for aids payable in 1991 and subsequent years for all taxable property within the city based on the assessment two years prior to that for which aids are being calculated,~~ *taxes payable in the year prior to the aid distribution* plus (2) a city's ~~levy on the~~ fiscal disparities distribution *tax capacity* under section 473F.08, subdivision ~~3~~ 2, paragraph ~~(a)~~ *(b)*, for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing *city* net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (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 *city* net tax capacity will be computed using equalized market values.

Sec. 10. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 30. [PRE-1940 HOUSING PERCENTAGE.] *"Pre-1940 housing percentage" for a city is 100 times the most recent federal census count of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.*

Sec. 11. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 31. [POPULATION DECLINE PERCENTAGE.] *"Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.*

Sec. 12. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 32. [COMMERCIAL INDUSTRIAL PERCENTAGE.] *"Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 473F.08. The market values used for this subdivision are not equalized.*

Sec. 13. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 33. [TRANSFORMED POPULATION.] *"Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.*

Sec. 14. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 34. [CITY REVENUE NEED.] *(a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152.0141.*

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107.475.

(c) The city revenue need cannot be less than zero.

(d) For calendar year 1995 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), is multiplied by the ratio of the annual implicit price deflator for state and local government purchases, as prepared by the United States Department of Commerce, for the most recently

available year to the 1993 implicit price deflator for state and local government purchases.

Sec. 15. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 35. [TAX EFFORT RATE.] *"Tax effort rate" means the sum of the net levy for all cities divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy is included in net levy.*

Sec. 16. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 36. [CITY AID BASE.] *"City aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.*

Sec. 17. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 37. [BASE REDUCTION PERCENTAGE.] *"Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994, the reduction percentage is zero. The reduction percentage may not be more than 100 percent.*

Sec. 18. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 8. [CITY AID INCREASE.] *(a) In calendar year 1994 and subsequent years, the aid increase for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity multiplied by the tax effort rate. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03, subdivision 1.*

(b) The percentage aid increase for a first class city in calendar year 1994 must not exceed the percentage increase in the sum of calendar year 1994 city aids under this section compared to the sum of the city aid base for all cities. The aid increase for any other city in 1994 must not exceed five percent of the city's net levy for taxes payable in 1993.

(c) The aid increase in calendar year 1995 and subsequent years for any city must not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its city aid base multiplied by the base reduction percentage.

Sec. 19. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 9. [CITY AID DISTRIBUTION.] *In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.*

Sec. 20. Minnesota Statutes 1992, 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 local government trust fund to the commissioner of revenue. For aids payable in 1993 ~~and thereafter~~, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to $20,011,000. *For aid payable in 1994 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to $330,636,900.*

In 1993 and subsequent years, $8,400,000 per year is appropriated from the local government trust fund to make payments under section 477A.0121.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, sections 273.1398, subdivision 5; and 275.07, subdivision 3, are repealed.

Minnesota Statutes 1992, sections 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Section 2 is effective July 1, 1993. Sections 3 to 21 are effective for property taxes and aids payable in 1994, and thereafter.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 8. [DISCLOSURE OF VALUATION EXCLUSION.] *No real estate broker or salesperson shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under section 273.11, subdivision 16, without disclosing to the buyer the existence of the excluded valuation and informing the buyer that the exclusion will end upon the sale of the property and that the property's estimated market value for property tax purposes will increase accordingly.*

Sec. 2. Minnesota Statutes 1992, section 272.01, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies

or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, telephone or telegraph companies, ~~and~~ *or* pipelines used for the transmission and distribution of petroleum products, *or the equipment items of a cable communications company subject to sections 238.35 to 238.42*;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of $100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such

payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

Sec. 3. Minnesota Statutes 1992, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

(1) all public burying grounds;

(2) all public schoolhouses;

(3) all public hospitals;

(4) all academies, colleges, and universities, and all seminaries of learning;

(5) all churches, church property, and houses of worship;

(6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), *other than those that qualify for exemption under clause (25)*;

(7) all public property exclusively used for any public purpose;

(8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts

7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization

receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) 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 which meets each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

Sec. 4. Minnesota Statutes 1992, 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 July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, *institution of purely public charity,* church, or educational institution before July 1 of the year is exempt for that assessment year if ~~(1)~~ the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7)~~,~~ ~~and (2) the property is not subject to the filing requirement under section 272.025~~.

Sec. 5. Minnesota Statutes 1992, section 272.115, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in subdivision 1a,~~ Whenever any real estate is sold for a consideration in excess of $1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located ~~within 30 days of the sale~~ *when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1.* Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.

Sec. 6. Minnesota Statutes 1992, section 272.115, subdivision 4, is amended to read:

Subd. 4. No real estate sold or transferred on or after January 1, 1993, under subdivision ~~1a~~ *1* shall be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

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

Sec. 7. Minnesota Statutes 1992, section 273.061, subdivision 8, is amended to read:

Subd. 8. [POWERS AND DUTIES.] The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and the poor

land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons, and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(14) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

(15) To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of property, including but not limited to, transferring homestead property and name changes on homestead property.

(16) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

Sec. 8. Minnesota Statutes 1992, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in ~~subdivisions 6, 8, 9, 11, and 14~~ *this section* 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, platted property shall be assessed as provided in subdivision 14. 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. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [LIMITED MARKET VALUE.] *In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment*

shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) one-third of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under section 273.11, subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through 1998.

For purposes of the assessment/sales ratio study conducted under section 124.2131, and the computation of state aids paid under chapters 124, 124A, and 477A, market values and net tax capacities determined under this subdivision and section 273.11, subdivision 16, shall be used.

Sec. 10. Minnesota Statutes 1992, section 273.11, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in ~~subdivision~~ *subdivisions* 1 *and 1a* shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in sections 270.11, 270.12 and 270.16.

Sec. 11. Minnesota Statutes 1992, section 273.11, subdivision 6a, is amended to read:

Subd. 6a. [~~RESIDENTIAL~~ FIRE-SAFETY SPRINKLER SYSTEMS.] For purposes of property taxation, the market value of automatic fire-safety sprinkler systems *installed in existing buildings after January 1, 1992,* meeting the standards of the Minnesota fire code shall be excluded from the market value of (1) existing multifamily 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 and (2) existing real estate containing four or more contiguous residential units for use by customers of the owner, such as hotels, motels, and lodging houses *and (3) existing office buildings or mixed use commercial-residential buildings, in which at least one story capable of occupancy is at least 75 feet above the ground. The market value exclusion under this section shall expire if the property is sold.*

Sec. 12. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VACANT HOSPITALS.] *In valuing a hospital, as defined in section 144.50, subdivision 2, that is located outside of a metropolitan county, as defined in section 473.121, subdivision 4, and that on the date of sale is vacant and not used for hospital purposes or for any other purpose, the assessor's estimated market value for taxes levied in the year of the sale shall be no greater than the sales price of the property, including both the land and the buildings, as adjusted for terms of financing. If the sale is made later than December 15, the market value as determined under this subdivision shall be used for taxes levied in the following year. This subdivision applies only if the sales price of the property was determined under an arms length transaction.*

Sec. 13. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] *Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that the house is at least 35 years old at the time of the improvement. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.*

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued covering the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the improvement must add at least $1,000 to the value of the property. Only improvements to the structure which is the residence of the qualifying homesteader or the garage qualify for the provisions of this subdivision.

Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor of the possibility of valuation exclusion under this subdivision. The assessor may require an application process and documentation of the age of the house from the owner, if unknown.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision.

The total qualifying value for a homestead may not exceed $50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed $25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The $25,000 and $50,000 maximum qualifying value under this section may result from up to three separate improvements to the homestead.

Sec. 14. Minnesota Statutes 1992, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing, or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(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 *or marital status*; 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. 15. Minnesota Statutes 1992, section 273.112, is amended by adding a subdivision to read:

Subd. 4a. Real estate devoted to golf and operated by a private club that does not meet the requirements of subdivision 3, and is not eligible for valuation and deferment under this section, must be valued for ad valorem tax purposes by the assessor as if it were converted to commercial, industrial, residential, or seasonal residential use and were platted and available for sale as individual parcels.

Sec. 16. Minnesota Statutes 1992, section 273.121, is amended to read:

273.121 [VALUATION OF REAL PROPERTY, NOTICE.]

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at

least ten days before the meeting of the local board of review or equalization. It shall contain: *(1)* the ~~amount of the valuation in terms of~~ market value, *(2) the limited market value under section 273.11, subdivision 1a, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements, (5)* the new classification, *(6)* the assessor's office address, and *(7)* the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 17. Minnesota Statutes 1992, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1

of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, spouse, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first ~~two~~ *four* assessment years beginning after the date when the relative of the owner occupies the property as a homestead; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, *except as provided in paragraph (d).*

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son or daughter of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property is not eligible to receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

Sec. 18. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 6a. [PRELIMINARY APPROVAL OF LEASEHOLD COOPERATIVES.] *Preliminary approval for classification as a leasehold cooperative may be granted to property when a developer proposes to construct one or more residential dwellings or buildings using funds provided by the Minnesota housing finance agency if all of the following conditions are met:*

(a) The developer must present an affidavit to the county attorney and to the governing body of the municipality that includes a statement of the developer's

intention to comply with all requirements in subdivision 6 and a detailed description of the plan for doing so.

(b) The commissioner of the Minnesota housing finance agency must provide the county attorney and governing body with a description of the financing and related terms the commissioner proposes to provide with respect to the project, together with an objective assessment of the likelihood that the project will comply with the requirements of subdivision 6.

(c) The county attorney must review the materials provided under paragraphs (a) and (b), and may require the developer or the Minnesota housing finance agency to provide additional information. If the county attorney determines that it is reasonably likely that the project will meet the requirements of this subdivision, the county attorney shall provide preliminary approval to treatment of the property as a leasehold cooperative.

(d) The governing body shall conduct a public hearing as provided in subdivision 6, paragraph (j), and make its preliminary findings based on the information provided by the developer and the Minnesota housing finance agency.

Upon completion of the project and creation of the leasehold cooperative, actual compliance with the requirements of this subdivision must be demonstrated, and certified by the county attorney. A second hearing by the governing body is not required.

If the county attorney finds that the homestead treatment granted pursuant to a preliminary approval under this subdivision must be revoked because the completed project failed to meet the requirements of this subdivision, the benefits of the treatment shall be recaptured. The county assessor shall determine the amount by which the tax imposed on the property was reduced because it was treated as a leasehold cooperative. The developer shall be charged an amount equal to the tax reduction received or, if the county attorney determines that the failure to meet the requirements was due to the developer's intentional disregard of the requirements, 150 percent of the tax reduction received. The penalty must be paid to the county treasurer within 90 days after receipt of a statement from the treasurer. The proceeds of the penalty shall be distributed to the local taxing jurisdictions in proportion to the amounts of their levies on the property.

Sec. 19. Minnesota Statutes 1992, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead by ~~June~~ *December* 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, ~~prior to June~~ *by December* 15 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead by ~~June~~ *December* 1 of a year.

The county assessor and the county auditor may make the necessary

changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

If homestead classification has not been requested as of December 15, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, may be entitled to receive homestead classification by proper application as provided in section 375.192.

The county assessor ~~shall~~ *may* publish in a newspaper of general circulation within the county ~~no later than June 1 of each year~~ a notice ~~informing~~ *requesting* the public ~~of the requirement~~ to file an application for homestead ~~prior to June 15~~ *as soon as practicable after acquisition of a homestead, but no later than December 15.*

The county assessor shall publish in a newspaper of general circulation within the county no later than December 1 of each year a notice informing the public of the requirement to file an application for homestead by December 15.

Sec. 20. Minnesota Statutes 1992, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] *(a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.*

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners of the property and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

~~Every four years after the initial homestead application has been filed under this subdivision, a county shall mail a homestead application to the owner of each parcel of property to verify the continued eligibility for homestead status for all properties classified as homestead within the county in the prior year's assessment. The homestead application and procedures shall be done in the same manner as contained in this subdivision for the 1993 homestead application.~~

(c) On the homestead application each owner shall disclose the location of any other residential property in the state in which the owner holds full or partial ownership and for which homestead status has been granted or has been applied for at the time of the application. Each owner must also disclose the name and social security number of any relative occupying a property qualifying as a homestead under subdivision 1, paragraph (c). Failure to disclose the information required under this paragraph may result in the imposition of the penalty provided under this subdivision.

(d) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each person who is listed as an owner of the property listed on the homestead application. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

(e) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy.

(f) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the county within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(g) If the ~~initial~~ homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(h) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner applying for homestead classification under this subdivision.

(i) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the

taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

(j) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(k) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(l) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 21. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 17. [OWNER-OCCUPIED MOTEL PROPERTY.] *For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.*

A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification.

Sec. 22. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 18. [PROPERTY UNDERGOING RENOVATION.] *Property that is not occupied as a homestead on the assessment date will be classified as a homestead if it meets each of the following requirements on that date:*

(a) The structure is a single family or duplex residence.

(b) The property is owned by a church or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(c) The organization is in the process of renovating the property for use as a homestead by an individual or family whose income is no greater than 60 percent of the county or area gross median income, adjusted for family size, and that renovation process and conveyance for use as a homestead can reasonably be expected to be completed within 12 months after construction begins.

The organization must apply to the assessor for classification under this subdivision within 30 days of its acquisition of the property, and must provide the assessor with the information necessary for the assessor to determine whether the property qualifies.

Sec. 23. Minnesota Statutes 1992, 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 $115,000, the value of the remaining land including improvements equal to the difference between $115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over $115,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the $115,000 market value in excess of 320 acres has a class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; ~~and~~ (2) *real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; or (3)* real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 24. Minnesota Statutes 1992, 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~~ *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, *except that:*

(1) if the market value of the parcel is less than $100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of $100,000 for all parcels owned by the same person or entity in the same city or town within the county; and

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of $100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way.

To receive the reduced class rate on additional parcels under clauses (1) and (2), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or (2).

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first $50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first $100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 25. Minnesota Statutes 1992, 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 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited 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 unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for

valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land

on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first $100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(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, 1990. 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 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first $72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds $72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1993, *1994, and 1995* only.

(d) Class 4d property includes:

(1) a structure that is:

(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. For ~~property for which application is made for 4c or 4d classification for taxes payable in 1994 and thereafter, and which was not classified 4c or 4d for taxes payable in 1993~~ *those properties*, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall

verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value *except that property classified under clause (3), shall have the same class rate as class 1a property.*

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 26. Minnesota Statutes 1992, section 273.13, subdivision 33, is amended to read:

Subd. 33. [CLASSIFICATION OF UNIMPROVED PROPERTY.] (a) ~~Except as provided in paragraph~~ *All real property that is not improved with a structure must be classified according to its current use.*

(b)~~,~~ Real property that is not improved with a structure *and for which there is no identifiable current use* must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

~~(b) Real property that is not improved with a structure and is in commercial, industrial, or agricultural use under this section must be classified according to its actual use.~~

Sec. 27. Minnesota Statutes 1992, section 273.1318, subdivision 1, is amended to read:

Subdivision 1. [INCOME LIMITATION.] (a) Subject to the exception in paragraph (b), for a building for which application is made for class 4c for taxes payable in 1994 and thereafter, and which was not class 4c for taxes payable in 1993, only those units occupied by a household whose income is 100 percent or less of the county or area median income adjusted for family size as determined by the department of housing and urban development are eligible for class 4c.

(b) For a building for which application is made for class 4c for taxes payable in 1994 and thereafter, ~~and which was not class 4c for taxes payable in 1993, but~~ for which a formal application was received by a local, state, or federal agency for financing, refinancing, or insurance before July 1, 1992, *and for a building that was classified as class 4c for taxes payable in 1993 or an earlier year,* the income limit is 100 percent or less of county or area

median income not adjusted for family size as determined by the department of housing and urban development.

Sec. 28. Minnesota Statutes 1992, section 273.135, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to ~~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.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to ~~the product of~~ 95 percent of the base year effective tax rate ~~multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate~~. In no case will the reduction for each homestead resulting from this credit be less than $10.

(c) The maximum reduction of the tax is $225.40 on property described in clause (a) and $200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by $15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first $72,000 of the market value of residential homesteads, "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 the 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. 29. Minnesota Statutes 1992, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. *If more than 85 percent of the natural gas or other petroleum products actually transported over the*

pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before June 30, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 30. Minnesota Statutes 1992, 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~~ *under* section ~~272.03, subdivision 8~~ *273.11, subdivision 1*;

(2) *the property's taxable market value after reductions under sections 273.11, subdivisions 1a and 16;*

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

~~(3)~~ *(4)* 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)~~ *(5)* for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the

property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

~~(5)~~ *(6)* any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

~~(6)~~ *(7)* the net tax payable in the manner required in paragraph (a); and

~~(7)~~ *(8)* any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 31. Minnesota Statutes 1992, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. *The county board is authorized to consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board.* 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. All applications 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, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. 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.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 32. [PENDING APPLICATIONS.]

(a) For applications under Minnesota Statutes, section 375.192, subdivision 2, pending prior to the effective date of this act, the county board's current policy is ratified by this act.

(b) If an applicant has filed a judicial action before January 1, 1993, for a reduction or abatement requiring the county to consider the application, paragraph (a) does not apply; provided, however, that no reduction or abatement may be considered by the county board for more than three years.

Sec. 33. Minnesota Statutes 1992, section 429.061, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL ASSESSMENTS; ADMINISTRATIVE EXPENSES.] *Notwithstanding any general or special law to the contrary, a municipality shall pay to the county auditor all administrative expenses incurred by the county under subdivision 3 for each special assessment of any local improvement certified by the municipality to the county auditor.*

Sec. 34. Minnesota Statutes 1992, section 469.040, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FILED WITH ASSESSOR; PERCENTAGE TAX ON RENTALS.] Notwithstanding the provisions of subdivision 1, after a housing project carried on under sections 469.016 to 469.026 has become occupied, in whole or in part, an authority shall file with the assessor, on or before ~~May 1~~ *April 15* of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount has been agreed upon between the authority and the governing body or bodies for which the authority was created, in whose jurisdiction the project is located, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. The governing body or bodies for which the authority has been created, in whose jurisdiction the project is located, may agree with the

authority for the payment of a service charge for a housing project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made, the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. "Service charge" means payment in lieu of taxes. The records of each housing project shall be open to inspection by the proper assessing officer.

Sec. 35. Laws 1985, chapter 302, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means all services rendered or contracted for by the city for ~~snow, ice, and litter removal and cleaning of sidewalks, curbs, gutters, and streets and for banners and other decorations to be used to identify and promote the commercial area.~~:

(1) snow, ice removal, and sanding of public areas;

(2) cleaning of streets, curbs, gutters, sidewalks, and alleys;

(3) watering, fertilizing, maintenance, and replacement of trees and bushes on public right-of-way;

(4) poster and handbill removal;

(5) cleaning and scrubbing of sidewalks;

(6) provision, installation, maintenance, removal, and replacement of banners and decorative items for promotion of commercial area;

(7) repair and maintenance of sidewalks;

(8) installation and maintenance of areawide security systems;

(9) provision and coordination of security personnel to supplement regular city personnel;

(10) maintenance, repair, and cleaning of commercial area directories, kiosks, benches, bus shelters, newspaper stands, trash receptacles, information booths, bicycle racks and bicycle storage containers, sculptures, murals, and other public area art pieces;

(11) installation, maintenance, and removal of lighting on commercial area trees;

(12) cost of electrical service for pedestrian and tree lighting;

(13) repair of low-level pedestrian lights and poles;

(14) provision of comprehensive liability insurance for public space improvements;

(15) trash removal and recycling costs; and

(16) provision, maintenance, and replacement of special signage relating to vehicle and bicycle parking, vehicle and pedestrian movement, and special events.

Special services do not include services that are ordinarily provided throughout the city from ordinary revenues of the city unless an increased level of service is provided in the special service district.

Sec. 36. Laws 1985, chapter 302, section 2, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ~~an ordinance~~ *ordinances:*

(a) establishing a special service district in the part of Minneapolis which is south of 28th Street, west of ~~Fremont~~ *Dupont* Avenue South, north of 31st Street, and east of ~~Humboldt Avenue South~~ *East Calhoun Parkway and East Lake of the Isles Parkway; and*

(b) establishing a special service district south of Sixth Street southeast, west of Sixteenth Avenue Southeast, north of a line parallel to and 200 feet south of University Avenue and east of Twelfth Avenue Southeast.

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

(1) the time and place of the hearing;

(2) a map showing the boundaries of the proposed district; and

(3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Sec. 37. Laws 1985, chapter 302, section 4, is amended to read:

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

The boundary of a special service district may be enlarged~~, to an area not to exceed one square mile,~~ within the part of Minneapolis described in section 2 only after hearing and notice as provided in section 2. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district.

Sec. 38. [LOCAL APPROVAL.]

Sections 35 to 37 take effect the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [FLOODWOOD AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT.] *The city of Floodwood and one or more of the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake, may by resolution of their city council and town boards establish the Floodwood area ambulance district. The town of Ness*

may provide that only a described part of its territory be included within the district. The St. Louis county board may by resolution provide that property located in unorganized territory 52-21 may be included within the district. The district shall make payments of the proceeds of the tax authorized in this section to the city of Floodwood, which shall provide ambulance services throughout the territory of the district and may exercise all the powers of the city and towns that relate to ambulance service anywhere within its territory. Any other contiguous town or home rule charter or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join. Action to join the district may be taken by the city council or town board of the city or town.

Subd. 2. [BOARD.] *The district shall be governed by a board composed of one member appointed by the city council or town board of each city and town in the district. A district board member may, but is not required to, be a member of a city council or town board. Except as provided in this section, members shall serve two-year terms ending the first Monday in January and until their successors are appointed and qualified. Of the members first appointed, as far as possible, the terms of one-half shall expire on the first Monday in January in the first year following their appointment and one-half the first Monday in January in the second year. The terms of those initially appointed shall be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term shall be fixed so that, as far as possible, the terms of one-half of all the members expire on the same date.*

Subd. 3. [TAX.] *The district may impose a property tax on real and personal property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year, but not to exceed $25,000 each year. The St. Louis county auditor and treasurer shall collect the tax and pay it to the Floodwood area ambulance district.*

Subd. 4. [PUBLIC INDEBTEDNESS.] *The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish a duty charged to it.*

Subd. 5. [WITHDRAWAL.] *Upon two years' notice, a city or town may withdraw from the district. Its territory shall remain subject to taxation for debt incurred prior to its withdrawal pursuant to Minnesota Statutes, chapter 475.*

Subd. 6. [EFFECTIVE DATE.] *This section is effective in the city of Floodwood, and the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territory 52-21 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board.*

Sec. 40. [CITY OF DULUTH; SPECIAL SERVICE DISTRICT.]

Subdivision 1. [DEFINITIONS.] *For the purpose of this section, the terms defined in this subdivision have the following meanings:*

(1) "City" means the city of Duluth.

(2) "Special services" means all services rendered or contracted for by the city, including but not limited to:

(i) the construction, repair, maintenance, and operation of any improvements authorized by Minnesota Statutes, sections 429.021 and 469.126;

(ii) the acquisition of property within a special service district, including through the use of the power of eminent domain;

(iii) the sale or lease of property in the special service district at or below "market rate" for the promotion of development within the district;

(iv) parking services rendered or contracted for by the city;

(v) promotional services provided or contracted for by the city; and

(vi) any other service provided to the public by the city as authorized by law or charter.

(3) "Special service district" means a defined area within the city in which special services are rendered and the costs of special services are paid from revenues collected from service charges imposed within the area as provided in this section.

Subd. 2. [RELATION TO MINNESOTA STATUTES, CHAPTER 428A.] *The creation of a special service district under this section must be in accordance with the provisions of Minnesota Statutes, chapter 428A.*

Subd. 3. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT; AREA.] *The governing body of the city may establish a special service district in the city. The district shall be bounded on the northwest by Interstate Highway 35, on the northeast by the centerline of Sixth Avenue West and as the same is extended to the United States Harbor Line in St. Louis Bay, on the southeast by said Harbor Line and on the southwest by the centerline of Ninth Avenue West and as the same is extended to said Harbor Line.*

Subd. 4. [SERVICE CHARGES; DETERMINATION OF AMOUNT.] *Service charges based on the net tax capacity of the property within the district shall be distributed in a manner determined by the city council to be a fair, equitable, and reasonable method of determination, taking into account the character and impact of the services to be provided on each parcel in the district; provided, it shall not be necessary to establish a relationship between any special service charges on a parcel of property and the value of special benefits conferred upon that property.*

Subd. 5. [DELEGATION TO ECONOMIC DEVELOPMENT AUTHORITY.] *After the creation of a special service district, the city council may, by resolution, delegate the operation of the district to an economic development authority created pursuant to Minnesota Statutes, sections 469.090 to 469.108.*

Sec. 41. [PROPERTY ACQUIRED FROM ELECTRIC COOPERATIVE.]

Subdivision 1. [PROPERTY EXEMPTION.] *Property owned by a cooperative association, as defined in Minnesota Statutes, section 273.40, that is purchased by a public utility, as defined in Minnesota Statutes, section 216B.02, remains exempt from property taxes, if the property:*

(1) was exempt under Minnesota Statutes, section 272.02, subdivision 1, clause (18), or section 273.41 when it was owned by the cooperative association; and

(2) is located in St. Louis, Koochiching, Itasca, and Lake counties.

This exemption applies for three assessment years from the date of purchase. The tax under Minnesota Statutes, section 273.41, continues to apply during the three-year exemption period. The rates charged by the public utility must reflect the property tax exemption provided under this section.

Subd. 2. [LOCAL APPROVAL.] *Subdivision 1 is effective in St. Louis, Koochiching, Itasca, and Lake counties the day after the governing body of the county complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 42. [REPORT TO LEGISLATURE.]

By February 1 of each year, the commissioner of revenue shall make a report to the legislature on the use of limited market value under section 273.13, subdivision 1a, and the valuation exclusion under section 273.13, subdivision 16. For the limited market value provision, the report shall include the total value excluded from taxation by type of property for each city and town. For the valuation exclusion provision, the report shall include the total market value excluded from taxation for each city and town, as well as a breakdown of the excluded improvement amounts by age and value of the property being improved and the amount of the qualifying improvement. The county assessors shall provide the information necessary for the commissioner to compile the report in a manner prescribed by the commissioner.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1992, section 272.115, subdivision 1a, is repealed.

(b) Minnesota Statutes 1992, section 273.124, subdivision 16, is repealed.

(c) Minnesota Statutes 1992, section 383C.78, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective April 1, 1994.

Sections 2, 3, clause (26), and 43, paragraph (b), are effective for taxes levied in 1993, payable in 1994, and thereafter.

Section 3, clause (25), is effective for taxes levied in 1991, payable in 1992, and thereafter. Upon application to and approval by the county auditor, the county treasurer shall refund to the taxpayer any taxes paid for 1992 that are exempt under section 3, clause (25). The refund shall be paid without interest. Each taxing jurisdiction must reimburse the county for the refund in the same proportion as the taxing jurisdiction's levy bears to the total levies of all jurisdictions for taxes payable in 1992. The amount of the reimbursement may be deducted in the next distribution of tax proceeds to the taxing jurisdiction.

Sections 4 to 7, 17, and 43, paragraph (a), are effective the day following final enactment, except that section 17, paragraphs (c) and (d) are effective for taxes payable in 1994 and thereafter.

Sections 8 to 10, 12, 19, 21 to 27, and 30 are effective for 1993 assessments for taxes payable in 1994 and subsequent years, except if provided otherwise.

Section 11, clauses (1) and (2), are effective for the 1992 assessment, taxes payable in 1993 and thereafter. Section 11, clause (3), is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Section 13 is effective for qualifying improvements made after January 2, 1993.

Sections 14 and 15 are effective for the 1994 assessment, payable in 1995, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1994 assessment, the taxpayer of the property devoted to golf and operated by private clubs, that does not meet the requirement of Minnesota Statutes, section 273.112, subdivision 3, for the 1993 assessment year, must submit an affidavit or other written verification to the assessor showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of Minnesota Statutes, section 273.112, by January 1, 1994.

Sections 16 and 18 are effective for assessment year 1994 and subsequent years.

Section 20 is effective for taxes payable in 1995 and thereafter.

Section 28 is effective for taxes payable in 1994 and thereafter.

Section 29 is effective for the 1991 assessment and thereafter, for taxes payable in 1992 and thereafter. For taxes payable in 1992 and 1993, any amounts paid by the property owner in excess of the amounts required by section 29 shall be paid by the county treasurer to the property owner under the abatement procedures.

Section 31 is effective for applications for reductions or abatements filed after the day of final enactment.

Section 33 is effective for assessments certified after July 1, 1993.

Section 40 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Duluth.

Section 43, clause (c) is repealed effective January 2, 1993, provided that any improvements made prior to January 2, 1993, shall continue to qualify for the delayed assessment provisions under section 383C.78 for the duration of the period provided in that section.

ARTICLE 6

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1992, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; or

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 ~~prior to June 1~~ *on or before December 31* 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, 1991, for the taxable year for which the income is reported.

Sec. 2. Minnesota Statutes 1992, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1991. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant ~~or~~, allowance to or on behalf of the child, *surplus food, or other relief in kind supplied by a governmental agency* must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

Sec. 3. Minnesota Statutes 1992, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, *as defined under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1992, disregarding section 152(b)(3) of the Internal Revenue Code,* who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (1) and (2), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care

program and the denominator of which is income as defined in subdivision 3, paragraphs (1) and (2), plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(c) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 4. Minnesota Statutes 1992, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 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 $80 or more for taxes payable in 1993, and $100 or more for taxes payable in 1994, *1995, and 1996,* a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or $80 for taxes payable in 1993, and 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or $100 for taxes payable in 1994, *1995, and 1996.* This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

~~In the case of refunds for property taxes payable in 1993 and thereafter,~~ The maximum refund allowed under this subdivision is $1,500.

(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; 273.135; 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, 1993, *1994, and 1995,* 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 for taxes payable in 1994, *1995, and 1996* exceed $5,500,000, *for each of the three years* the commissioner shall increase the $100 amount of tax increase which must occur before a taxpayer qualifies for a refund, and increase by an equal amount the $100 threshold used in determining the amount of the refund, so that the estimated total refund claims do not exceed $5,500,000 *for taxes payable in 1994, for taxes payable in 1995, or for taxes payable in 1996.*

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1992, section 290A.04, is amended by adding a subdivision to read:

Subd. 6. [INFLATION ADJUSTMENT.] *Beginning for property tax refunds payable in calendar year 1995, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, 1993, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest $10 amount. If the amount ends in $5, the commissioner shall round it up to the next $10 amount.*

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedures act.

Sec. 6. Minnesota Statutes 1992, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. [RENTERS CREDIT ~~AND TARGETING~~.] *For payments made before July 1, 1996,* there is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2a ~~and 2h~~. *For payments made after June 30, 1996, the amount necessary to make the*

payments required under section 290A.04, subdivision 2a, are appropriated to the commissioner of revenue from the local government trust fund.

Subd. 2. [HOMEOWNERS PROPERTY TAX REFUND *AND TARGETING*.] There is appropriated from the local government trust fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, ~~subdivision~~ *subdivisions 2 and 2h*.

Sec. 7. [INCREASE IN PROPERTY TAX REFUNDS FOR RENTERS.]

(a) On the basis of the most recent forecast of local government trust fund revenues and expenditures, not including expenditures under this section, the commissioner of finance shall determine on or before July 1, 1994, whether the local government trust fund revenues for fiscal year 1995 will exceed the amount appropriated from the fund. If the amount of revenues are estimated to exceed appropriations, up to the first $3,000,000 of the excess is appropriated from the local government trust fund to the commissioner of revenue to increase the payment of property tax refunds to renters under Minnesota Statutes, section 290A.04, subdivision 2a, for claims relating to rent constituting property taxes for rents paid in 1993. The commissioner shall proportionately increase each claimant's refund by an amount the commissioner estimates is sufficient to pay out the additional appropriation. The amount paid to a claimant under this appropriation is not subject to the limitations under Minnesota Statutes, chapter 290A, on the maximum amount of a refund. The additional refund under this section shall be included with the originally authorized refund and paid at the same time as prescribed for the original refund under Minnesota Statutes, section 290A.07. The commissioner's adjustments are final. If, as a result of the commissioner's estimates the additional refund paid under this section exceeds the amount the commissioner originally determined as the available local government trust fund surplus, the excess is appropriated first from any remaining local government trust fund surplus and then, if necessary, from the general fund.

(b) If an additional appropriation is made under the provision of paragraph (a), the commissioner of revenue shall recommend modifications of the property tax refund schedule to the 1995 legislature to provide an equivalent permanent increase in the property tax refund for renters.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for refunds payable for rents paid in 1993 and property taxes payable in 1994, and thereafter.

Sections 2 and 3 are effective for refunds payable for rents paid in 1992 and property taxes payable in 1993, and thereafter.

Section 4 is effective for refunds for property taxes payable in 1994, 1995, and 1996 only.

ARTICLE 7

TRUTH IN TAXATION AND LEVY LIMIT TECHNICAL

Section 1. Minnesota Statutes 1992, section 103B.635, subdivision 2, is amended to read:

Subd. 2. [MUNICIPAL FUNDING OF DISTRICT.] (a) The governing body or board of supervisors of each municipality in the district must provide

the funds necessary to meet its proportion of the total cost determined by the board, *provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total taxable market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.*

(b) ~~A municipality may raise the funds by any means that the municipality has to raise funds. The municipalities may each levy a tax not to exceed .00242 percent of taxable market value on the taxable property located in the district for funding the district. The levy must be within all other limitations provided by law.~~

~~(c)~~ The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 2. Minnesota Statutes 1992, section 134.001, is amended by adding a subdivision to read:

Subd. 8. [REGIONAL PUBLIC LIBRARY DISTRICT.] *"Regional public library district" means a governmental unit formed according to this chapter to operate multicounty public library services.*

Sec. 3. [134.201] [REGIONAL LIBRARY DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] *Regional public library districts may be established under this section in the areas of the existing Great River Regional library system and the East Central Regional library system. The geographic boundaries shall be those established by the state board of education under section 134.34, subdivision 3.*

Subd. 2. [FORMATION.] *A regional public library district may be formed by:*

(1) approval of a majority of the city councils and boards of county commissioners of the cities and counties that finance regional public library system services and represent a majority of the population to be served; or

(2) a majority of those voting on the issue in the entire area to be served by the district in a referendum called after petitions for the referendum have been filed in each of the local governmental units. Petitions must be signed by eligible voters in a number not less than five percent of the number of persons who voted in the last general election in each city and county that is a party to the system contract or agreement.

A city that is not participating in a regional public library system may join the district by majority vote of the city council or by referendum under clause (2) and with the approval of the board of the regional public library district.

Subd. 3. [TERMINATION.] *A regional public library district may be terminated at any time after the district has been in operation for three years. The procedure for termination is the same as that for creation under subdivision 2, clause (2).*

Subd. 4. [BOARD.] *(a) If the district is formed under subdivision 2, clause (1), the board of the public regional library district shall be composed of one county commissioner or the commissioner's designee from each county in the district's service area and one elected member from each county for each ten percent or a major fraction of the district's population. A majority of the members of the board must be elected members.*

(b) If the district is formed under subdivision 2, clause (2), the board of the regional library district shall be composed of one member elected from each county in the district's service area and one member elected from each county for each ten percent or a major fraction of the district's population.

(c) Elected board members shall be elected at large from a county at a November election. Board members elected shall assume office on the following January 2. The term of a member shall be four years, with the terms of an initial board to expire in two years for one-half of the members. The board shall organize itself under section 134.11, subdivision 1. The board has the powers and duties set forth in section 134.11, subdivision 2.

Subd. 5. [GENERAL LEVY AUTHORITY.] *The board may levy for operation of public library service. This levy shall replace levies for operation of public library service by cities and counties authorized in section 134.07. The amount levied shall be spread on the net tax capacity of all taxable property in the district at a uniform tax rate.*

(a) The maximum amount that may be levied by a board under this section is the greater of: (1) the statewide average local support per capita for public library services for the most recent reporting period available, as certified by the commissioner of education, multiplied by the population of the district according to the most recent estimate of the state demographer or the metropolitan council; or (2) the total amount provided by participating counties and cities under section 134.34, subdivision 4, during the year preceding the first year of operation.

(b) For its first year of operation, the board shall levy an amount not less than the total dollar amount provided by participating cities and counties during the preceding year under section 134.34, subdivision 4.

Subd. 6. [BASIC SYSTEM SUPPORT GRANT.] *A regional public library district that meets federal and state requirements for a regional library basic system support grant is eligible to receive a grant. A regional library basic system support grant shall not be made to a regional public library district if the district board reduces its levy for operation of public library service below the amount of the levy in the preceding year.*

Subd. 7. [LIBRARY BUILDINGS.] *In addition to the levy authorized in subdivision 5 and all other levies authorized for cities and counties, a city or county served by a library district may levy for the construction, acquisition, maintenance, and utilities costs of library buildings. The board of a district may issue bonds, with an election, according to chapter 475 or levy under this section a special capital levy for capital improvements for a library building. A district may purchase or lease a building to be used for library purposes from a city or county.*

Subd. 8. [BORROW MONEY.] *The board of a district may borrow money and issue tax anticipation certificates as needed to provide library services or for library buildings.*

Subd. 9. [TRANSITION PROVISIONS.] *If a regional public library system is reorganized into a regional public library district there will be a transition period. The transition period shall begin at the time the regional public library system board adopts a resolution that recommends formation of a district to its participants and that sets an effective date for the establishment of the district. During the transition period participating counties and cities*

must fund public library services under their existing contracts, and planning for administrative changes may occur. The regional public library system board shall continue until the district board members assume their duties, at which time the transition period ends.

Subd. 10. [ASSUMPTION OF ASSETS, LIABILITIES, AND CONTRACTS.] *Upon assumption of responsibilities by the regional public library district board, the regional public library system assets, liabilities, and existing contracts, including contracts negotiated under chapter 179A, shall become the assets, liabilities, and contracts of the regional public library district board.*

Sec. 4. Minnesota Statutes 1992, section 134.35, subdivision 1, is amended to read:

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. *Regional public library districts under section 134.201 may not compensate board members using grant funds.* The amount of each grant for each fiscal year shall be calculated as provided in this section.

Sec. 5. Minnesota Statutes 1992, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system *or district*, the regional library system *or district* board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system *or district*, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system *or district* boards from their own membership in proportion to the population served by each cooperating regional library system *or district*. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

Sec. 6. Minnesota Statutes 1992, section 204D.19, is amended by adding a subdivision to read:

Subd. 5. [PROHIBITION.] *No special election shall be held under this section on the second Tuesday in December.*

Sec. 7. Minnesota Statutes 1992, section 205.10, is amended by adding a subdivision to read:

Subd. 3. [PROHIBITION.] *No special election shall be held under this section on the second Tuesday in December.*

Sec. 8. Minnesota Statutes 1992, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. [QUESTIONS.] Special elections must be held for a school district on a question on which the voters are authorized by law to pass

judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding regular school district election, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the 30 days before and the 30 days after the state primary or state general election, *or on the second Tuesday in December*. In addition, a special election may not be held during the 20 days before and the 20 days after any regularly scheduled election of a municipality wholly or partially within the school district. Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision.

Sec. 9. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 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~~ *including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns*, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. *For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.*

(d) The notice must state for each parcel:

(1) the market value of the property as ~~defined~~ *determined* under section ~~272.03, subdivision 8~~ *273.11, and used* for *computing* property taxes payable in the following year and for taxes payable *in* the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district *excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the*

metropolitan special taxing districts as defined in paragraph (i) and the sum of the *remaining* special taxing districts, and as a total of the taxing authorities, including *all* 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. *In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy.* In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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.

(e) 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;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672;

(3) regional transit board under section 473.446; and

(4) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 10. Minnesota Statutes 1992, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, *a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201,* 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, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

~~For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than 10-point, except that the property tax amounts and percentages may be in 9-point type.~~

~~For a city that has a population of 2,500 or more, a county or a school district, the first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than 14-point, except that the property tax amounts and percentages may be in 12-point type.~~

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. 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.

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the St. Paul Pioneer Press.

(b) The advertisement must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District/*Metropolitan Special Taxing District/Regional Library District*) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county/*metropolitan special taxing district/regional library district* services that will be provided in 199__/school district services that will be provided in 199__ and 199__).

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/*metropolitan special taxing district/regional library district*) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address)."

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

(e) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

(f) For calendar year 1993, each taxing authority required to publish an advertisement must include on the advertisement a statement that information on the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and proposed budget year will be discussed at the hearing.

(g) Notwithstanding paragraph (f), for 1993, the commissioner of revenue shall prescribe the form, format, and content of an advertisement comparing current and proposed expense budgets for the metropolitan council, the metropolitan airports commission, the metropolitan mosquito control commission, and the regional transit board. The expense budget must include occupancy, personnel, contractual and capital improvement expenses. The

form, format, and content of the advertisement must be approved by the chairs of the house and senate tax committees prior to publication.

Sec. 11. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city ~~and~~, county, *metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts* shall each hold a public hearing to ~~adopt~~ *discuss and seek public comment on* its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and ~~adopt its~~ *proposed* property tax levy for taxes payable in the following year. *The metropolitan special taxing districts shall be required to hold only a single joint public hearing, the location of which will be determined by the affected metropolitan agencies.*

At ~~the~~ *a subsequent* hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, *metropolitan special taxing district, regional library district,* 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 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and

(6) the amount of an increase in levy limits certified to the taxing authority by the ~~commissioner of revenue or the~~ commissioner of education after the proposed levy was certified.

At the hearing *under this subdivision,* 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. *At the hearing held in 1993 only, specific information for previous year, current year, and proposed budget year must be presented on:*

(i) percent of total proposed budget representing total compensation cost;

(ii) numbers of employees by general classification, and whether full or part time;

(iii) number and budgeted expenditures for independent contractors; and

(iv) the effect of budget increases or decreases on the proposed property tax levy.

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.~~ *At a subsequent hearing,* the governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 governing body of a county shall hold ~~its~~ *a* hearing on the second Tuesday in December each year, *and may hold additional hearings on other dates before December 20 if necessary for the convenience of county residents.* The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August ~~15~~ *10*, each school board *and the board of the regional library district* shall certify to the county auditors of the counties in which the school district *or regional library district* is located the dates on which it elects to hold its hearings and any continuations. If a school board *or regional library district* does not certify the dates by August ~~15~~ *10*, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. *The county auditor shall coordinate with the metropolitan special taxing districts as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their joint public hearing and any continuation.* By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts, *metropolitan special taxing districts, and regional library 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. The city must not select dates that conflict with the county hearing dates, *metropolitan special taxing district dates,* or with those elected by or assigned to the school districts *or regional library district* in which the city is located.

The county hearing dates and the city, *metropolitan special taxing district, regional library district,* and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts *other than regional library districts and metropolitan special taxing districts.*

Notwithstanding the requirements of this section, the employer is required

to meet and negotiate over employee compensation as provided for in chapter 179A.

Sec. 12. Minnesota Statutes 1992, section 275.065, is amended by adding a subdivision to read:

Subd. 8. [HEARING.] *Notwithstanding any other provision of law, Ramsey county, the city of St. Paul, and independent school district No. 625 are authorized to and shall hold their public hearing jointly. The hearing must be held on the second Tuesday of December each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.*

Ramsey county is authorized to hold an additional hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the hearing dates of the other taxing districts. However, if Ramsey county elects not to hold such additional hearing or hearings, the joint hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey county.

Sec. 13. Minnesota Statutes 1992, 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~~, *the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i),* school district *excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61* must be separately stated. The amounts due *all* other *special* taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross

tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; *and*

(6) the net tax payable in the manner required in paragraph (a)~~; and~~

~~(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."~~.

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 14. [383A.75] [JOINT PROPERTY TAX ADVISORY COMMITTEE.]

Subdivision 1. [CREATION.] *There is created the joint property tax advisory committee.*

Subd. 2. [MEMBERSHIP.] *The membership of the committee consists of the mayor and up to three members of the city council of the city of St. Paul; the county manager and up to three members of the county board of Ramsey county; and the superintendent and up to three members of the board of education of independent school district No. 625. The chair of the Ramsey county league of local governments shall be a nonvoting ex officio member. The committee shall be convened by the mayor of St. Paul, and at the first meeting, the chair for the first year must be determined by lot, and thereafter, the chair must annually rotate among the mayor or designee, the superintendent or designee, and the county manager or designee.*

Subd. 3. [DUTIES.] *The committee is authorized to and shall meet from time to time to make appropriate recommendations for the efficient and*

effective use of property tax dollars raised by the jurisdictions for programs, buildings, and operations. In addition, the committee shall:

(1) identify trends and factors likely to be driving budget outcomes over the next five years with recommendations for how the jurisdictions should manage those trends and factors to increase efficiency and effectiveness;

(2) agree, by August 1 of each year, on the appropriate level of overall property tax levy for the three jurisdictions and publicly report such to the governing bodies of each jurisdiction for ratification or modification by resolution;

(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision 8; and

(4) identify, by December 31 of each year, areas of the budget to be targeted in the coming year for joint review to improve services or achieve efficiencies.

In carrying out its duties, the committee shall consult with public employees of each jurisdiction and with other stakeholders of the city, county, and school district, as appropriate.

Subd. 4. [STAFF; FUNDING.] *The committee must be staffed by employees as designated by each jurisdiction. The committee may also seek public or private funding from any source to assist its work and may utilize volunteer help as appropriate.*

Subd. 5. [RECOGNITION OF INNOVATIVE EFFORTS BY LOCAL EMPLOYEES.] *The committee may use public or private funding to recognize or reward efforts by local government employees to restructure service delivery to improve efficiency or achieve cost savings.*

Sec. 15. Minnesota Statutes 1992, section 473.13, subdivision 1, is amended to read:

Subdivision 1. [BUDGET.] On or before ~~October 1~~ *December 20* of each year the council, after a *the* public hearing *required in section 275.065*, shall adopt a *final* budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over $10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than ~~October 1~~ *five working days after December 20*, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Sec. 16. Minnesota Statutes 1992, section 473.1623, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL REPORT.] By ~~December~~ *February* 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the ~~two~~ *three* years preceding and ~~three~~ *two* years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

(1) financial policies, goals, and priorities;

(2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;

(3) the resources available under existing fiscal policy;

(4) additional resources, if any, that are or may be required;

(5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;

(6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;

(7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;

(8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and

(9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Sec. 17. Minnesota Statutes 1992, section 473.167, subdivision 4, is amended to read:

Subd. 4. [STATE REVIEW.] *The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year.* The council must certify its *proposed* property tax levy to the commissioner of revenue by ~~August 1~~ *September 1* of the levy year. The commissioner of revenue shall annually determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its *proposed* budget is within the levy limitation imposed by this section. The determination must be completed prior to September ~~1~~ *10* of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 18. Minnesota Statutes 1992, section 473.249, subdivision 2, is amended to read:

Subd. 2. *The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year.* The council must certify its *proposed* property tax levy to the commissioner of revenue by ~~August 1~~ *September 1* of the levy year. The commissioner of revenue shall annually determine whether the ad valorem property tax certified by the metropolitan council for levy following the adoption of its *proposed* budget is within the levy limitation imposed by this section. The determination shall be completed prior to September 1 *10* of each year. If current information regarding gross tax capacity in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current gross tax capacity within that county for purposes of making the calculation.

Sec. 19. Minnesota Statutes 1992, section 473.446, subdivision 8, is amended to read:

Subd. 8. [STATE REVIEW.] The board must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for general purposes certified by the regional transit board for levy following the adoption of its budget is within the levy limitation imposed by subdivision 1. The commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is within the levy limitation imposed by subdivision 1a. The determination must be completed prior to September 1 *10* of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.

Sec. 20. Minnesota Statutes 1992, section 473.711, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] The commission must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax certified by the metropolitan mosquito control commission for levy following the adoption of its budget is within the levy limitation imposed by subdivision 2. The determination must be completed prior to September 1 *10* of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 21. Laws 1953, chapter 387, section 1, is amended to read:

Section 1. [Library board, Minneapolis.] The library board of any city now or hereafter having more than 450,000 inhabitants may levy annually on all real and personal property within such city a tax ~~not exceeding four mills on each dollar of the assessed valuation of such city~~ for the establishment, maintenance and government of the libraries of such city, and for the payment of all other expenses proper and incidental to the establishment, maintenance and government of such libraries. The tax ~~herein authorized to be levied shall not at any time be in excess of the maximum rate of taxation fixed for the~~

~~purposes herein mentioned by any board or department of any such city upon whom the duty of fixing the maximum rate of taxation for the various boards and departments thereof is placed by the charter of such city. For the purpose of determining such tax limitations the property classified as Class 3b or as Class 3c by Section 273.13 M.S. may be computed at 33 1/3 percent and 40 percent, respectively, of the full and true value of such real property~~ *is not subject to any limitations on levies in the city charter.*

Sec. 22. Laws 1969, chapter 561, section 1, is amended to read:

Section 1. [Minneapolis, city of; park improvement fund; tax levy.] The board of park commissioners of the City of Minneapolis may create a park improvement fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding six-tenths of a mill on each dollar of the assessed valuation of the city.~~ The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, *but is not subject to any charter limitation on the amount of levies for this purpose.*

Sec. 23. Laws 1971, chapter 373, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; TAX LEVY FOR PARK AND RECREATION FACILITIES.] Subdivision 1. The park and recreation board of the city of Minneapolis may levy annually on the real and personal property of the city a tax ~~not exceeding 8.7 mills on each dollar of the assessed valuation of the city~~ for the purpose of acquiring, equipping, improving, maintaining, operating, and governing parks, parkways, playgrounds and other recreational facilities, and conducting recreational programs for the public use.

Sec. 24. Laws 1971, chapter 373, section 2, is amended to read:

Sec. 2. Any levy under this act shall ~~not~~ be in addition to any levy now authorized for any of such purposes by the charter of the city or by Laws 1969, Chapter 592; the amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city. All taxes so levied shall be certified to the county auditor on or before ~~October 10~~ *September 1* each year, and shall be collected with, and the payment thereof enforced, in the same manner as the general tax and with like penalties and interest.

Sec. 25. Laws 1971, chapter 455, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PARKS AND PARKWAYS; MAINTENANCE FUND; CREATION OF FUND, TAX LEVY.] The park and recreation board of the city of Minneapolis may create a park rehabilitation and parkway maintenance fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding 1.1 mills on each dollar of the assessed valuation of the city.~~ The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, *but is not subject to any charter limitations on the amount of levies for this purpose.*

Sec. 26. [CANCELLATION OF LEVY LIMIT PENALTIES.]

Any penalty imposed on a local government under Minnesota Statutes 1990, section 275.51, subdivision 4, is canceled provided that (1) the penalty has not been collected from aid payments to the local government by the end

of calendar year 1992 and (2) the local government is not certified to receive any aid in 1993 from which the penalty can be collected.

Sec. 27. [APPLICATION.]

The provisions of this article relating to metropolitan taxing districts apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 28. [REPEALER.]

Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1, 6 to 8, 13, 15 to 25, 27, and 28 are effective for taxes levied in 1993, payable in 1994 and thereafter.

Section 3, subdivision 5, and the provisions of sections 9 to 11 relating to regional library districts are effective for property taxes levied in 1994, payable in 1995, and thereafter. The other provisions of sections 9 to 11 are effective for property taxes levied in 1993, payable in 1994 and thereafter.

Sections 12 and 14 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a), and shall expire after December 31, 1997.

Section 26 is effective beginning with aids payable in calendar year 1993.

ARTICLE 8

INCOME TAX AND FEDERAL UPDATE

Section 1. Minnesota Statutes 1992, section 289A.09, is amended by adding a subdivision to read:

Subd. 3. [FEDERAL ANNUITIES; TAX WITHHOLDING REQUEST.] *The commissioner of revenue shall participate with the United States Office of Personnel Management in a program of voluntary state income tax withholding on the federal annuities of retired federal employees. Upon the request of the taxpayer to the commissioner of revenue, and only on request of the taxpayer, the commissioner shall provide for state income tax withholding on federal annuities paid to the taxpayer.*

Sec. 2. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)~~(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds $500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.~~

~~(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is $3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.~~ *An employer who, during the previous quarter, withheld more than $500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.*

(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.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds $240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 3. Minnesota Statutes 1992, section 289A.26, subdivision 7, is amended to read:

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) ~~(i) for tax years beginning in calendar year 1992, 93~~ 97 percent of the tax shown on the return for the taxable year, or, if no return is filed, ~~93~~ 97 percent of the tax for that year;

~~(ii) for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year;~~ or

(2) 100 percent of the tax shown on the return of the entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the entity.

(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:		
	~~for tax years beginning in 1992~~		~~for tax years beginning after December 31, 1992~~
1st	~~23.25~~	*24.25*	~~23.75~~
2nd	~~46.5~~	*48.5*	~~47.5~~
3rd	~~69.75~~	*72.75*	~~71.25~~
4th	~~93~~	*97*	~~95~~

(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 entity 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.

Sec. 4. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT

AND MAINTENANCE DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support *or maintenance* is delinquent in making payments, the amount of child support *or maintenance* unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support *or maintenance*, 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 *or the party to whom maintenance, 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, *maintenance,* 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 *or maintenance* payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support *or maintenance*. 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, *or the party to whom maintenance is owed,* after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency, or the petitioning parent or guardian, *or the party to whom maintenance is owed,* in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, *maintenance,* 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 *or maintenance* payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money~~ *or maintenance*, 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 *or maintenance*, attorney fees, and costs. If a petition is filed under this subdivision *concerning child support* 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.

Sec. 5. Minnesota Statutes 1992, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through

December 31, 1991, ~~unless, during that period, a Minnesota homestead application is filed for property in which the individual has an interest~~ *if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual*; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Sec. 6. Minnesota Statutes 1992, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus

Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

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. 7. Minnesota Statutes 1992, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal

income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income tax is the last itemized deduction disallowed; ~~and~~

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies; and

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; ~~or~~ the District of Columbia; *or Indian tribal governments;*

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities; and

(13) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g).

Sec. 9. Minnesota Statutes 1992, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ~~ten~~ *15* percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 10. Minnesota Statutes 1992, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(3) *for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);*

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) 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, ~~1991~~ *1992*.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals seven 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. 11. Minnesota Statutes 1992, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) seven percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1), *determined without regard to the last sentence of paragraph (1),* of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 12. Minnesota Statutes 1992, 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 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 *subparagraph (E) and* 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. 13. Minnesota Statutes 1992, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business *of a corporation, partnership, or proprietorship* consists exclusively of the selling of tangible personal property and services in response to orders received by United States mail or telephone, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with ~~the~~ *its* trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

Sec. 14. [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, 1992" for the words "Internal Revenue Code of 1986, as amended through December 31, 1991" where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for section 290.01, subdivision 19, and for the words "Internal Revenue Code of 1986, as amended through December 31, 1988," where the phrase occurs in chapter 298. 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, 1992," for references to the Internal Revenue Code of 1954 or the Internal Revenue Code of 1986, as amended through dates set in sections 61A.276; 82A.02; 136.58; 181B.02; 181B.07; 246A.23; 246A.26, subdivisions 1, 2, 3, and 4; 272.02, subdivision 1; 273.11, subdivision 8; 297A.01, subdivision 3; 297A.25, subdivision 25; 352.01, subdivision 2b; 354A.021, subdivision 5; 355.01, subdivision 9; and 356.62.

Sec. 15. [EFFECTIVE DATE.]

Section 2 is effective for payments received after December 31, 1993.

Section 3 is effective for tax years beginning after December 31, 1993.

Sections 5 to 14 are effective for tax years beginning after December 31, 1992.

ARTICLE 9

SALES AND SPECIAL TAXES

Section 1. [17.451] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 1 and 2.*

Subd. 2. [FARMED CERVIDAE.] *"Farmed cervidae" means members of the cervidae family that are:*

(1) raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock;

(2) held in a constructed enclosure designed to prevent escape; and

(3) registered in a manner approved by the board of animal health and marked or identified with a unique number or other system approved by the board.

Subd. 3. [OWNER.] *"Owner" means a person who owns or is responsible for the raising of farmed cervidae.*

Sec. 2. [17.452] [FARM-RAISED CERVIDAE.]

Subdivision 1. [PROMOTION AND COORDINATION.] *(a) The commissioner shall promote the commercial raising of farmed cervidae and shall coordinate programs and rules related to the commercial raising of farmed cervidae. Farmed cervidae research, projects, and demonstrations must be reported to the commissioner before state appropriations for the research projects or demonstrations are encumbered. The commissioner shall maintain a data base of information on raising farmed cervidae.*

(b) The commissioner shall appoint a farmed cervidae advisory committee to advise the commissioner on farmed cervidae issues. The advisory committee shall consist of representatives from the University of Minnesota, the commissioner of agriculture, the board of animal health, the commissioner of natural resources, the commissioner of trade and economic development, a statewide elk breeders association, a statewide deer breeders association, a statewide deer farmers association, and members of the house of representatives and the senate. The committee shall meet at least twice a year at the call of the commissioner of agriculture.

Subd. 2. [DEVELOPMENT PROGRAM.] *The commissioner may establish a Minnesota development and aid program that may support applied research, demonstration, financing, marketing, promotion, breeding development, registration, and other services for owners.*

Subd. 3. [REPORT.] *The commissioner shall include information on farmed cervidae in the department's statistical reports on Minnesota agriculture.*

Subd. 4. [FARMED CERVIDAE ARE LIVESTOCK.] *Farmed cervidae are livestock and are not wild animals for purposes of game farm, hunting, or wildlife laws. Farmed cervidae and their products are farm products and livestock for purposes of financial transactions and collateral.*

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] *Raising farmed cervidae is agricultural production and an agricultural pursuit.*

Subd. 6. [RUNNING AT LARGE PROHIBITED.] *(a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed red deer if the farmed red deer are not returned or captured by the owner within 72 hours of their escape.*

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae under this paragraph if the escaped farmed cervidae are a threat to the health or population of native species. The commissioner must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 14 days after escape may be destroyed.

(d) The owner must notify the commissioner of natural resources of the escape of farmed cervidae from a quarantined herd if the farmed cervidae are not returned to or captured by the owner within 72 hours of their escape. The escaped farmed cervidae from the quarantined herd may be destroyed by the commissioner of natural resources if the escaped farmed cervidae are a threat to the health or population of native species.

Subd. 7. [FARMING IN NATIVE ELK AREA.] *A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.*

Subd. 8. [SLAUGHTER.] *Farmed cervidae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.*

Subd. 9. [SALES OF FARMED CERVIDAE AND MEAT PRODUCTS.] *Persons selling or buying farmed cervidae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 31, 31A, and 31B.*

Subd. 10. [FENCING.] *(a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Fencing must be of the following heights:*

(1) for farmed deer, at least 75 inches; and

(2) for farmed elk, at least 90 inches.

(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices.

(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.

Subd. 11. [DISEASE INSPECTION.] *Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.*

Subd. 12. [IDENTIFICATION.] *(a) Farmed cervidae must be identified by brands, markings, tags, collars, electronic implants, tattoos, or other means of identification approved by the board of animal health. The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.*

(b) Identification of farmed cervidae is subject to sections 35.821 to 35.831.

(c) The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.

Subd. 13. [INSPECTION.] *The commissioner of agriculture and the board of animal health may inspect farmed cervidae and farmed cervidae records. The commissioner of natural resources may inspect farmed cervidae and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated. The owner must be notified in writing at the time of the inspection of the reason for the inspection and informed in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.*

Subd. 14. [CONTESTED CASE HEARING.] *A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.*

Sec. 3. [17.453] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 3 and 4.*

Subd. 2. [OWNER.] *"Owner" means a person who owns or is responsible for the raising of ratitae.*

Subd. 3. [RATITAE.] *"Ratitae" means members of the ratitae family (including ostriches, emus, and rheas) that are raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.*

Sec. 4. [17.454] [RATITAE.]

Subdivision 1. [RATITAE ARE LIVESTOCK.] *Ratitae are livestock and are not wild animals for purposes of hunting or wildlife laws. Ratitae and their products are farm products and livestock for purposes of financial transactions and collateral.*

Subd. 2. [RAISING RATITAE IS AN AGRICULTURAL PURSUIT.] *Raising ratitae is agricultural production and an agricultural pursuit.*

Subd. 3. [SALES OF RATITAE AND MEAT PRODUCTS.] *Persons selling or buying ratitae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.*

Subd. 4. [SLAUGHTER.] *Ratitae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary*

inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] *Ratitae are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.*

Sec. 5. [17.455] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 5 and 6.*

Subd. 2. [LLAMA.] *"Llama" means a member of the genus lama that is raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.*

Subd. 3. [OWNER.] *"Owner" means a person who owns or is responsible for the raising of llamas.*

Sec. 6. [17.456] [LLAMA.]

Subdivision 1. [LLAMAS ARE LIVESTOCK.] *Llamas are livestock and are not wild animals for purposes of hunting or wildlife laws. Llamas and their products are farm products and livestock for purposes of financial transactions and collateral.*

Subd. 2. [RAISING LLAMAS IS AN AGRICULTURAL PURSUIT.] *Raising llamas is agricultural production and an agricultural pursuit.*

Subd. 3. [SALES OF LLAMAS AND MEAT PRODUCTS.] *Persons selling or buying llamas sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.*

Subd. 4. [SLAUGHTER.] *Llamas must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.*

Subd. 5. [DISEASE INSPECTION.] *Llamas are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.*

Sec. 7. Minnesota Statutes 1992, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* and goats.

Sec. 8. Minnesota Statutes 1992, section 31.51, subdivision 9, is amended to read:

Subd. 9. "Animal" means cattle, swine, sheep, goats, *farmed cervidae, as defined in section 17.451, subdivision 2,* horses, mules or other equines, *llamas as defined in section 17.455, subdivision 2, and ratitae, as defined in section 17.453, subdivision 3.*

Sec. 9. Minnesota Statutes 1992, section 31A.02, subdivision 4, is amended to read:

Subd. 4. [ANIMALS.] "Animals" means cattle, swine, sheep, goats, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* horses, equines, and other large domesticated animals, not including poultry.

Sec. 10. Minnesota Statutes 1992, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [MEAT FOOD PRODUCT.] "Meat food product" means a product usable as human food and made wholly or in part from meat or a portion of the carcass of cattle, sheep, swine, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* or goats. "Meat food product" does not include products which contain meat or other portions of the carcasses of cattle, sheep, swine, *farmed cervidae, llamas, ratitae,* or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, *farmed cervidae, llamas, ratitae,* and goats.

Sec. 11. Minnesota Statutes 1992, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* or goats.

Sec. 12. Minnesota Statutes 1992, section 35.821, subdivision 4, is amended to read:

Subd. 4. [MARK.] "Mark" means a permanent identification cut from the ear or ears of a live animal *and for farmed cervidae, as defined in section 17.451, subdivision 2, means a tag, collar, electronic implant, tattoo, or other means of identification approved by the board.*

Sec. 13. Minnesota Statutes 1992, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] *After reimbursement to the department of revenue for costs incurred in administering sections 115B.22 and 115B.24,* the proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the environmental response, compensation, and compliance account.

Sec. 14. Minnesota Statutes 1992, section 239.785, is amended to read:

239.785 [LIQUEFIED PETROLEUM GAS SALES.]

Subdivision 1. [LIABILITY FOR PAYMENT.] *(a)* The operator of a terminal ~~that sells~~ *located in Minnesota from which* liquefied petroleum gas ~~for resale to retail customers~~ *is dispensed for use or sale* in this state *other than for delivery to another terminal* shall pay a fee equal to one mill for each gallon of liquefied petroleum gas ~~sold by the terminal~~ *dispensed.*

(b) Any person in Minnesota, other than the operator of a terminal, receiving liquefied petroleum gas from a source outside of Minnesota for use or sale in this state shall pay a fee equal to one mill for each gallon of liquefied petroleum gas received.

Subd. 2. [DUE DATES FOR FILING OF RETURNS AND PAYMENT.] The fee must be remitted monthly ~~to~~ *on a form prescribed by* the commissioner of revenue for deposit in the general fund. *The fee must be paid and the return filed on or before the 23rd day of each month following the month in which the liquefied petroleum gas was delivered or received.*

Subd. 3. [PENALTIES.] *An operator or person who fails to pay the fee imposed under this section is subject to the penalties provided in sections 296.15 and 296.25.*

Subd. 4. [COMMISSIONER'S AUTHORITY.] *The provisions of chapter 296 relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the fee imposed by this section.*

Subd. 5. [INTEREST.] *Fees and penalties are subject to interest at the rate provided in section 270.75.*

Sec. 15. Minnesota Statutes 1992, section 289A.56, subdivision 3, is amended to read:

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, *or* 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.

For purposes of computing interest on sales and use tax refunds, interest is paid from the date of payment to the date the refund is paid or credited, if the refund claim includes a detailed schedule reflecting the tax periods covered in the claim. If the refund claim submitted does not include a detailed schedule reflecting the tax periods covered in the claim, interest is computed from the date the claim was filed.

Sec. 16. Minnesota Statutes 1992, section 289A.63, subdivision 3, is amended to read:

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.

Sec. 17. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 33a. [REREFINED WASTE OIL.] *"Rerefined waste oil" means waste lubrication oils that have been cracked and distilled to produce a petroleum distillate intended for use as a motor fuel in internal combustion diesel engines.*

Sec. 18. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 38. [PASSENGER SNOWMOBILE.] *"Passenger snowmobile" means a self-propelled vehicle designed for travel on snow or ice, steered by skis or runners, with an enclosed passenger section that provides seating for not less than four nor more than twelve passengers.*

Sec. 19. Minnesota Statutes 1992, section 296.02, subdivision 8, is amended to read:

Subd. 8. [CREDITS FOR SALES TO GOVERNMENTS AND SCHOOLS.] A distributor shall be allowed a credit of 80 cents for every gallon of fuel grade alcohol blended with gasoline to produce agricultural alcohol gasoline which is sold to the state, local units of government, or for use in the transportation of pupils to and from school-related events in ~~school~~ vehicles *owned by or under contract to a school district*. This reduction is in lieu of the reductions provided in subdivision 7.

Sec. 20. [296.035] [CREDIT FOR CERTAIN FUELS.]

A licensed distributor or a special fuel dealer, either of which elects to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle, is allowed a credit of ten cents per gallon for each gallon of rerefined waste oil sold or delivered into the supply tank of a licensed motor vehicle. A credit of ten cents per gallon is allowed a licensed distributor or special fuel dealer for each gallon of rerefined waste oil delivered into the storage tank of a retail service station operated by the distributor or a special fuel dealer, if either the distributor or special fuel dealer does not elect to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle. Bulk purchasers are allowed a credit of ten cents per gallon for each gallon of rerefined waste oil that is purchased by them and used in a licensed motor vehicle.

Sec. 21. Minnesota Statutes 1992, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles *except as provided in clause (2)*, or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The

claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. *"Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1.* "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 22. Minnesota Statutes 1992, section 297A.01, subdivision 6, is amended to read:

Subd. 6. "Use" includes the exercise of any right or power over tangible personal property, or tickets or admissions to places of amusement or athletic events, purchased from a retailer incident to the ownership of any interest in that property, except that it does not include the sale of that property in the regular course of business.

"Use" includes the consumption of printed materials which are consumed in the creation of nontaxable advertising that is distributed, either directly or indirectly, within Minnesota.

Sec. 23. Minnesota Statutes 1992, section 297A.01, subdivision 13, is amended to read:

Subd. 13. "Agricultural production," as used in section 297A.25, subdivision 9, includes, but is not limited to, horticulture; floriculture; raising of pets, fur bearing animals, research animals, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* and horses.

Sec. 24. Minnesota Statutes 1992, 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;

(4) logging equipment, including chain saws used for commercial logging; ~~and~~

(5) *fencing used for the containment of farmed cervidae, as defined in section 17.451, subdivision 2; and*

(6) 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 *except fencing material covered by clause (5)*, 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. 25. Minnesota Statutes 1992, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] *(a)* 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~~ *tangible personal property, for electronically transmitting results retrieved by a customer of an on-line computerized data retrieval system, or for the generation of electricity or steam,* 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, *and "on-line computerized data retrieval system" refers to a system whose cumulation of information is equally available and accessible to all its customers.*

(b) Capital equipment does not include *the following:*

(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~~ *including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications, and whether purchased before or after the machinery or equipment is placed into service. Parts or accessories are treated as capital equipment only to the extent that they are a part of and are essential to the operation of the machinery or equipment as initially purchased;*

(3) machinery or equipment used to receive or store raw materials*;*

(4) building materials, including materials used for foundations that support machinery or equipment;

(5) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: machinery and equipment used for plant security, fire prevention, first aid, and hospital stations; machinery and equipment used in support operations or for administrative purposes; machinery and equipment used solely for pollution control, prevention, or abatement; machinery and equipment used for environmental control, except that when a controlled environment is essential for the manufacture of a particular product, the machinery or equipment that controls the environment can qualify as capital equipment; and machinery and equipment used in plant cleaning, disposal of scrap and waste, plant communications, lighting, or safety;

(6) "farm machinery" as defined by section 297A.01, subdivision 15, "special tooling" as defined by section 297A.01, subdivision 17, and "aquaculture production equipment" as defined by section 297A.01, subdivision 19; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining.

(c) For purposes of this subdivision:

(1) the requirement that the machinery or equipment "must be used by the purchaser or lessee" means that the person who purchases or leases the machinery or equipment must be the one who uses it for the qualifying purpose. When a contractor buys and installs machinery or equipment as part of an improvement to real property, only the contractor is considered the purchaser;

(2) the requirement that the machinery and equipment must be used "for manufacturing, fabricating, mining, quarrying, or refining" means that the machinery or equipment must be essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining. Neither legal requirements nor practical necessity determines whether or not the equipment is essential to the integrated process;

(3) "facility" means a coordinated group of fixed assets, which may include land, buildings, machinery, and equipment that are essential to and

used in an integrated manufacturing, fabricating, refining, mining, or quarrying process;

(4) "establishment of a new facility" means the construction of a facility, or the purchase by a new owner of a facility that was previously closed and not operational for a period of at least 12 consecutive months. Relocating operations from an existing facility within Minnesota to another facility within Minnesota does not constitute establishing a new facility;

(5) "physical expansion of an existing facility" means adding a new production line, adding new machinery or equipment to an existing production line, new construction which will become part of the existing facility and which is used for a qualifying activity, or conversion of an area in an existing facility from a nonqualifying activity to a qualifying activity; and

(6) performing "substantially the same function" means that the new machinery or equipment serves fundamentally or essentially the same purpose as did the old equipment or that it produces the same or similar end product, even though it may increase speed, efficiency, or production capacity.

(d) Notwithstanding prior provisions of this subdivision, machinery and equipment purchased or leased to replace machinery and equipment used in the mining or production of taconite shall qualify as capital equipment regardless of whether the facility has been expanded.

Sec. 26. Minnesota Statutes 1992, section 297A.04, is amended to read:

297A.04 [APPLICATIONS; MEMBER; ~~VENDING MACHINES;~~ FORM.]

Every person desiring to engage in the business of making retail sales within Minnesota shall file with the commissioner an application for a permit ~~and if such person has more than one place of business, an application for each place of business must be filed. A vending machine operator who has more than one vending machine location shall nevertheless be considered to have only one place of business for purposes of this section. An applicant who has no regular place of doing business and who moves from place to place shall be considered to have only one place of business and shall attach such permit to the applicant's cart, stand, truck or other merchandising device~~. The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file application for a permit. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant intends to transact business, the location of the applicant's place or places of business, and such other information as the commissioner may require. The application shall be filed by the owner, if a natural person; by a member or partner, if the owner ~~be~~ *is* an association or partnership; by a person authorized to ~~sign~~ *file* the application, if the owner ~~be~~ *is* a corporation.

Sec. 27. Minnesota Statutes 1992, section 297A.06, is amended to read:

297A.06 [PERMIT.]

After compliance with sections 297A.04 and 297A.28, when security is required, the commissioner shall ~~issue~~ *grant* to each applicant a ~~separate~~ permit ~~for each place of business within Minnesota~~. A permit ~~shall be~~ *is* valid until canceled or revoked but ~~shall~~ *is* not ~~be~~ assignable and ~~shall be~~ *is* valid only for the person in whose name it is ~~issued~~ *granted* and for the transaction

of business at the ~~place~~ *places* designated ~~therein~~. ~~It shall at all times be conspicuously displayed at the place for which issued.~~

Sec. 28. Minnesota Statutes 1992, section 297A.07, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS.] If any person fails to comply with this chapter or the rules adopted under this chapter, without reasonable cause, the commissioner may schedule a hearing requiring the person to show cause why the permit ~~or permits~~ should not be revoked. The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

Sec. 29. Minnesota Statutes 1992, section 297A.11, is amended to read:

297A.11 [CONTENT AND FORM OF EXEMPTION CERTIFICATE.]

The exemption certificate shall be signed by and bear the name and address of the purchaser, shall indicate the *sales tax account* number ~~of the permit~~ if any issued to the purchaser and shall indicate the general character of the property sold by the purchaser in the regular course of business and shall identify the property purchased. The certificate shall be substantially in such form as the commissioner may prescribe.

Sec. 30. Minnesota Statutes 1992, section 297A.136, is amended to read:

297A.136 [TAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of $.50 is imposed for each call placed to a 900 service if *the call for* that service originates from ~~and is charged to~~ a telephone located in this state.

Subd. 2. [DEFINITIONS.] For the purposes of this section, *the following definitions will apply:*

(a) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix *in which the calling party receives information from the 900 information provider, and the calling party is charged on a per call or per time basis for the information. The term does not include services provided through 1-800 service telephone numbers, information provided free of charge, or directory assistance service.*

(b) "Calling party" means the person originating the call to the information provider.

(c) "900 information provider" means the person being called by the calling party, and who provides information services to the calling party on a per call or per time basis.

(d) "Person" shall have the same meaning as provided in section 297A.01, subdivision 2.

Subd. 3. [PAYMENT; ADMINISTRATION.] Liability for the tax imposed by this section is on the ~~person making the call~~ *calling party*. Liability for collection *from the calling party* is on the person ~~providing access to a dial~~

~~tone~~ *contracting with the 900 information provider to interconnect the information provider and the calling party, if such person bills the calling party. In all other instances, the person billing the calling party shall be liable for collecting the tax from the calling party.* The tax imposed in this section must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Subd. 4. [EXEMPTION.] *Pay-per-call information services provided through a 1-976 prefix are exempt from the tax imposed under this section if the charge for the call is less than $1.*

Sec. 31. Minnesota Statutes 1992, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing, *distributing,* or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, *distribution,* 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.

A use tax is imposed on every person who uses, stores, *distributes,* or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from materials, either within or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 32. Minnesota Statutes 1992, section 297A.25, subdivision 3, is amended to read:

Subd. 3. [MEDICINES; MEDICAL DEVICES.] The gross receipts from the sale of prescribed drugs, prescribed medicine and insulin, intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings are exempt, together with prescription glasses, *fever thermometers,* therapeutic, and prosthetic devices. "Prescribed drugs" or "prescribed medicine" includes over-the-counter drugs or medicine prescribed by a licensed physician. "Therapeutic devices" includes reusable finger pricking devices for the extraction of blood ~~and~~, blood glucose monitoring machines, *and other diagnostic agents* used in ~~the treatment of~~ *diagnosing, monitoring, or treating* diabetes. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.

Sec. 33. Minnesota Statutes 1992, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS.] The gross receipts from the sale of and storage, use or consumption of the following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, and no refund has been or will be allowed because the buyer used the fuel for nonhighway use,

(2) products which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures; ~~or~~

(3) products purchased by a transit system receiving financial assistance under section 174.24 or 473.384; *or*

(4) products used in a passenger snowmobile, as defined in section 296.01, subdivision 38, for off-highway business use as part of the operations of a resort as provided under section 296.18, subdivision 1, clause (2).

Sec. 34. Minnesota Statutes 1992, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries~~, as defined in section 134.001,~~ of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. *For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.*

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care~~; motor vehicle parts are not exempt~~

~~under this provision~~. *Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.*

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste collection and disposal services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales to other states or political subdivisions of other states are exempt if the sale would be exempt from taxation if it occurred in that state.

Sec. 35. Minnesota Statutes 1992, section 297A.25, subdivision 16, is amended to read:

Subd. 16. [SALES TO NONPROFIT GROUPS.] The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the property purchased is to be used in the performance of charitable, religious, or educational functions, or any senior citizen group or association of groups that in general limits membership to persons *who are either (1)* age 55 or older, *or (2) physically disabled,* and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders, are exempt. *For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.* Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). This exemption shall not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration,

or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 36. Minnesota Statutes 1992, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased *or leased* by political subdivisions of the state if the vehicles are not subject to taxation under chapter 297B.

Sec. 37. Minnesota Statutes 1992, section 297A.25, subdivision 41, is amended to read:

Subd. 41. [BULLET-PROOF VESTS.] The gross receipts from the sale of bullet-resistant soft body armor that is flexible, concealable, and custom-fitted to provide the wearer with ballistic and trauma protection are exempt if purchased by a *law enforcement agency of the state or a political subdivision of the state, or a* licensed peace officer, as defined in section 626.84, subdivision 1. The bullet-resistant soft body armor must meet or exceed the requirements of standard 0101.01 of the National Institute of Law Enforcement and Criminal Justice in effect on December 30, 1986, or meet or exceed the requirements of the standard except wet armor conditioning.

Sec. 38. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 52. [PARTS AND ACCESSORIES USED TO MAKE A MOTOR VEHICLE HANDICAPPED ACCESSIBLE.] *The gross receipts from the sale of parts and accessories that are used solely to modify a motor vehicle to make it handicapped accessible are exempt. Labor charges for modifying a motor vehicle to make it handicapped accessible are included in this exemption.*

Sec. 39. [297A.253] [SATELLITE BROADCASTING FACILITY MATERIALS; EXEMPTIONS.]

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility in Minnesota for providing federal communications commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 1, clause (15), construction of which was commenced after June 30, 1993, and all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services.

Sec. 40. [297A.2545] [STEEL REPROCESSOR; EXEMPTION FOR POLLUTION CONTROL EQUIPMENT.]

Notwithstanding the provisions of this chapter, the purchase of pollution control equipment by a steel reprocessing firm is exempt from the sales and use tax provided that the equipment is necessary to meet state or federal emission standards. For purposes of this section "pollution control equipment" means any equipment used for the purpose of eliminating, preventing, or reducing air, land, or water pollution during or as a result of the manufacturing process. "Steel reprocessing firm" means a firm whose primary business is the recovery of steel from automobiles, appliances, and other steel products and the rerefining of this recovered metal into new steel products.

Sec. 41. Minnesota Statutes 1992, section 298.75, subdivision 4, is amended to read:

Subd. 4. If ~~any~~ *the county auditor has not received the report by the 15th day after the last day of each calendar quarter from the* operator or importer ~~fails to make the report~~ *as* required by subdivision 3 or ~~files~~ *has received* an erroneous report, the county auditor shall ~~determine~~ *estimate* the amount of tax due and notify the operator or importer by registered mail of the amount of tax so ~~determined~~ *estimated within the next 14 days*. An operator or importer may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of chapter 278, and shall be governed by sections 278.02 to 278.13.

Sec. 42. Minnesota Statutes 1992, section 298.75, subdivision 5, is amended to read:

Subd. 5. Failure to file the report *and submit payment* shall result in a penalty of $5 for each of the first 30 days, beginning on the ~~14th~~ *15th* day after ~~the date when the county auditor has sent notice to the operator or importer as provided in subdivision 4, during which the report is overdue and no statement of objection has been filed. For each subsequent day during~~ *last day of each calendar quarter, for* which the report *and payment* is ~~overdue~~ *due* and no statement of objection has been filed *as provided in subdivision 4, and* a penalty of $10 *for each subsequent day* shall be assessed against the operator or importer who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax *and credited to the county revenue fund*. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

Sec. 43. [349.2115] [SPORTS BOOKMAKING TAX.]

Subdivision 1. [IMPOSITION OF TAX.] *An excise tax of six percent is imposed on the value of all bets received by, recorded by, accepted by, forwarded by, or placed with a person engaged in sports bookmaking.*

Subd. 2. [BET DEFINED.] *For purposes of this section, the term "bet" has the meaning given it in section 609.75, subdivision 2.*

Subd. 3. [SPORTS BOOKMAKING DEFINED.] *For purposes of this section, the term "sports bookmaking" has the meaning given it in section 609.75, subdivision 7.*

Subd. 4. [AMOUNT OF BET.] *In determining the value or amount of any bet for purposes of this section, all charges incident to the placing of the bet must be included.*

Subd. 5. [TAX RETURNS.] *A person engaged in sports bookmaking shall file monthly tax returns with the commissioner of revenue, in the form required by the commissioner, of all bookmaking activity, and shall include information on all bets recorded, accepted, forwarded, and placed. The returns must be filed on or before the 20th day of the month following the month in which the bets reported were recorded, accepted, forwarded, or placed. The tax imposed by this section is due and payable at the time when the returns are filed.*

Subd. 6. [PERSONS LIABLE FOR TAX.] *Each person who is engaged in receiving, recording, forwarding, or accepting sports bookmaking bets is liable for and shall pay the tax imposed under this section.*

Subd. 7. [JEOPARDY ASSESSMENT; JEOPARDY COLLECTION.] *The tax may be assessed by the commissioner of revenue. An assessment made pursuant to this section 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.*

Subd. 8. [DISCLOSURE PROHIBITED.] *(a) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a sports bookmaking tax return filed with the commissioner of revenue as required by this section, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270.064.*

(b) Any person violating this section is guilty of a gross misdemeanor.

(c) This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Sec. 44. [NOTIFICATION BY COUNTY AUDITOR.]

The county auditor shall notify each operator in the county who filed a report in the previous calendar year under Minnesota Statutes, section 298.75 of the changes made in sections 41 and 42 relating to the imposition of the penalty for late payment.

Sec. 45. [COOK COUNTY; SALES TAX.]

Subdivision 1. [IMPOSED.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or resolution, Cook county may, by resolution, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the county.*

Subd. 2. [USE OF REVENUES.] *Revenues received from taxes authorized by subdivision 1 shall be used by Cook county to pay the cost of collecting the tax and to pay all or a portion of the costs of expanding and improving the health care facility located in the county and known as North Shore hospital. Authorized costs include, but are not limited to, securing or paying debt service on bonds or other obligations issued to finance the expansion and improvement of North Shore hospital. The total capital expenditures payable from bond proceeds, excluding investment earnings on bond proceeds and tax revenues, shall not exceed $4,000,000.*

Subd. 3. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] *The authority granted by subdivision 1 to Cook county to impose a sales tax shall expire when the principal and interest on any bonds or obligations issued to finance the expansion and improvement of North Shore hospital have been paid, or at an earlier time as the county shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the county.*

Subd. 4. [BONDS.] *Cook county may issue general obligation bonds in an amount not to exceed $4,000,000 for the expansion and improvement of North Shore hospital, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the expansion and improvement of North Shore hospital shall not be included in computing any debt limitations applicable to Cook county, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the county.*

Subd. 5. [REFERENDUM.] *If the governing body of Cook county intends to impose the sales tax authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a special or general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax 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, 1993.*

Subd. 6. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAX.] *A sales tax imposed under this section shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to Cook county. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. By July 1, 1993, the commissioner of revenue shall provide to the governing body of the county an estimate of these costs.*

Subd. 7. [EFFECTIVE DATE.] *This section is effective the day after compliance by the governing body of Cook county with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 46. [CITY OF ST. PAUL; SALES TAX AUTHORIZED.]

Subdivision 1. [TAX MAY BE IMPOSED.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of St. Paul may, by resolution, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.*

Subd. 2. [USE OF REVENUES.] *Revenues received from the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.*

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex.

(b) The remainder of the funds must be spent for capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods.

By January 15 of each odd-numbered year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding two-year period.

Subd. 3. [BONDS.] *The city may issue general obligation bonds of the city to finance all or a portion of the cost for projects authorized in subdivision 2, paragraph (a). The debt represented by the bonds shall not be included in computing any debt limitations applicable to the city. The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The bonds may be issued in one or more series and sold without election on the question of issuance of the bonds or a property tax to pay them. Except as otherwise provided in this section, the bonds must be issued, sold, and secured in the manner provided in Minnesota Statutes, chapter 475. The aggregate principal amount of bonds issued under this subdivision may not exceed $65 million.*

Subd. 4. [ENFORCEMENT; COLLECTION.] *A sales tax imposed under subdivision 1 may be reported and paid to the commissioner of revenue with the state sales tax, and be subject to the same penalties, interest, and enforcement provisions imposed under Minnesota Statutes, chapters 289A and 297A. If the commissioner of revenue enters into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city, the commissioner shall charge the city a reasonable fee for its collection from the proceeds of any taxes to ensure that no state funds are expended for the collection of these taxes. The proceeds of the tax, less the cost of collection, shall be remitted monthly to the city and the city shall deposit such sums into a dedicated fund. By July 1, 1993, the commissioner of revenue shall provide the city an estimate of the cost of collection.*

Subd. 5. [EXPIRATION OF TAXING AUTHORITY.] *The authority granted by subdivision 1 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance projects authorized in subdivision 2, paragraph (a) have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and*

retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] *This section is effective the day following final enactment, and after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivision 3, with respect to that section. If the St. Paul city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1993.*

Sec. 47. [CITY OF GARRISON; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] *Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Garrison may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.*

Subd. 2. [USE OF REVENUES.] *Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.*

Subd. 3. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] *(a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.*

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY.] *The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.*

Subd. 5. [REFERENDUM.] *The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.*

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] *This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.*

Sec. 48. [CHARITABLE GOLF TOURNAMENTS.]

The gross receipts from the sale or use of tickets or admissions to a golf tournament held in Minnesota are exempt if the beneficiary of the tourna-

ment's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Sec. 49. [ADVISORY COUNCIL; SALES TAX ON CAPITAL EQUIPMENT.]

Subdivision 1. [CREATION; MEMBERSHIP.] *(a) A state advisory council is established to study the sales tax exemption for capital equipment under Minnesota Statutes 1992, sections 297A.01, subdivision 16, and 297A.25, subdivision 42, and to make recommendations to the 1994 legislature. The study shall be completed and findings reported to the legislature by February 1, 1994.*

(b) The advisory council consists of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate, including one member of the minority party, appointed by the subcommittee on committees of the committee on rules and administration and three members of the house of representatives, including one member of the minority party, appointed by the speaker;

(2) the commissioner of revenue or the commissioner's designee; and

(3) eight members of the public; two appointed by the subcommittee on committees of the committee on rules and administration of the senate, two appointed by the speaker of the house, and four appointed by the governor.

Subd. 2. [SCOPE OF THE STUDY.] *(a) In preparing the study, the advisory council shall examine, at least, the following:*

(1) an overview of the purpose, intent, and application of the provisions of the present exemption, including the department of revenue's experience in interpreting and administering the provisions and the impact of the exemption on state tax collections;

(2) appropriate tax policy goals for the exemption of capital equipment from the sales tax;

(3) the effect of the exemption in encouraging new investment, increases in economic activity, and creation of new jobs in Minnesota or other appropriate economic development goals;

(4) analyses of alternative versions of the exemption, either expanding or narrowing it and specifically including the expansions contained in the administrative law judge's report, that will further the tax policy and economic development goals developed under clauses (2) and (3). In analyzing alternatives, the advisory council must consider alternatives that expand the exemption and offset the reduction in state and local sales tax revenues by expanding the sales tax base to include final consumption items that are now exempt from taxation.

(b) The advisory council's report to the legislature must include recommendations for modifying the exemption in light of the tax policy and economic development goals. The recommendations must not provide for increasing or decreasing state revenues relative to the revenue department's estimates of the effect of applying the department's interpretations of present law. If the report recommends expanding the exemption, it must include recommendations to expand the tax base to offset the resulting loss of state and local revenues.

Subd. 3. [STAFF.] *The department of revenue and legislative staff shall provide administrative and staff assistance when requested by the advisory council.*

Subd. 4. [COOPERATION BY OTHER AGENCIES.] *The commissioners of the department of trade and economic development, the department of labor and industry, the department of jobs and training, and the pollution control agency shall, upon request by the advisory council, provide data or other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.*

Sec. 50. [REPEALER.]

Minnesota Statutes 1992, section 115B.24, subdivision 10, is repealed.

Sec. 51. [EFFECTIVE DATE.]

Sections 1 to 12, 22, 31, 32, the part of section 34 exempting certain chore and homemaking services, 44 and 49 are effective the day following final enactment.

Section 13 is effective for taxes due on or after July 1, 1993.

Section 14 is effective for fees due on or after July 1, 1993.

Section 15 is effective for refund claims submitted on or after July 1, 1993.

Sections 16, 26 to 29, 36 to 39, and 43 are effective July 1, 1993.

Sections 17 and 20 are effective July 1, 1993, for deliveries of rerefined waste oil on and after that date.

Sections 23 and 24 are effective the day following final enactment and apply to all open tax years.

Section 25 is effective for claims for refund filed after May 5, 1993, except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and to replacement equipment used in the production of taconite is effective for sales after June 30, 1993.

Section 30 is effective for sales of 900 information services made after June 30, 1993.

Except as otherwise provided, sections 34 and 35 are effective for sales made after June 30, 1993. The part of section 34 exempting sales of machinery and equipment for solid waste disposal and collection is effective for sales made after May 31, 1992.

Section 40 is effective for pollution equipment installed after June 30, 1993.

Sections 41 and 42 are effective for reports due after July 1, 1993.

Section 48 is effective for sales or uses of tickets or admissions occurring after December 31, 1992, and before July 1, 1993.

ARTICLE 10

COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1992, section 60A.15, subdivision 2a, is amended to read:

Subd. 2a. [PROCEDURE FOR FILING AND ADJUSTMENT OF STATEMENTS AND TAXES.] (a) Every insurer required to pay a premium tax in this state shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. Such the installment tax payment. Such statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth such information as the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, such overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section ~~290.53~~ *289A.60*, subdivision 1, *as it relates to withholding and sales or use taxes*, shall be imposed.

Sec. 2. Minnesota Statutes 1992, section 60A.15, subdivision 9a, is amended to read:

Subd. 9a. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as it relates to withholding and sales or use taxes*.

Sec. 3. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 9e. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 4. Minnesota Statutes 1992, section 60A.198, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR OBTAINING LICENSE.] A person licensed as an agent in this state pursuant to other law may obtain a surplus lines license by doing the following:

(a) filing an application in the form and with the information the commissioner may reasonably require to determine the ability of the applicant to act in accordance with sections 60A.195 to 60A.209;

(b) maintaining an agent's license in this state;

(c) delivering to the commissioner a financial guarantee bond from a surety acceptable to the commissioner for the greater of the following:

(1) $5,000; or

(2) the largest semiannual surplus lines premium tax liability incurred by the applicant in the immediately preceding five years; and

(d) agreeing to file with the commissioner of revenue no later than February 15 and August 15 annually, a sworn statement of the charges for insurance procured or placed and the amounts returned on the insurance canceled under the license for the preceding six-month period ending December 31 and June 30 respectively, and at the time of the filing of this statement, paying the commissioner a tax on premiums equal to three percent of the total written premiums less cancellations; ~~and~~

(e) annually paying a fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10)*; and*

(f) paying penalties imposed under section 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, if the tax due under clause (d) is not timely paid.

Sec. 5. Minnesota Statutes 1992, section 60A.199, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as it relates to withholding and sales or use taxes.*

Sec. 6. Minnesota Statutes 1992, section 60A.199, is amended by adding a subdivision to read:

Subd. 6a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 7. Minnesota Statutes 1992, 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~~ *subpoena* witnesses, at a time and place reasonable under the circumstances, to appear and give testimony, and to produce books, records, papers and documents *for inspection and copying* relating to any ~~tax~~ matter which the commissioner may have authority to investigate or determine. ~~Provided, that any summons;~~

(8) issue a subpoena which does not identify the person or persons with respect to whose ~~tax~~ liability the ~~summons~~ *subpoena* is issued ~~may be served~~, *but* only if (a) the ~~summons~~ *subpoena* 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~~ *subpoena* is issued) is not readily available from other sources, (d) the ~~summons~~ *subpoena* 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~~ *subpoena* which does not identify the person or persons with respect to whose tax liability the ~~summons~~ *subpoena* is issued shall have the right, within 20 days after service of the ~~summons~~ *subpoena*, 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~~ *subpoena* is enforceable. If no such petition is made by the party served within the time prescribed, the ~~summons~~ *subpoena* shall have the force and effect of a court order;

~~(8)~~ *(9)* 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)~~ *(10)* 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)~~ *(11)* 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)~~ *(12)* 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)~~ *(13)* 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)~~ *(14)* 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)~~ *(15)* 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)~~ *(16)* 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)~~ *(17)* appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to *subpoena,* examine, *and copy* books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. *In addition to administrative subpoenas of the commissioner and the agents,* upon demand of *the commissioner or* an agent, the ~~clerk~~ ~~or~~ court administrator of any *district* court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent *for inspection and copying*. ~~The commissioner may also issue subpoenas.~~ Disobedience of ~~subpoenas issued under this chapter~~ *a court administrator's subpoena* 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 *or an agent*, 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)~~ *(18)* 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)~~ *(19)* 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;

~~(19)~~ *(20)* administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;

~~(20)~~ *(21)* authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; and

~~(21)~~ *(22)* exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.

Sec. 8. Minnesota Statutes 1992, 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 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; *provided, no entry can be made upon the business premises or residence of a taxpayer in order to seize property without first obtaining a writ of entry listing the property to be seized and signed by a judge of the district court of the district in which the business premises or residence is located.*

Sec. 9. [270.7001] [CONTINUOUS LEVY.]

Subdivision 1. [AUTHORITY.] *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 a person, officer, or political subdivision or agency of the state to withhold the amount of any tax, interest, or penalties due from a taxpayer, or the amount due from an employer or person who has failed to withhold and transmit amounts due from any payments to the taxpayer, employer, or person. The amounts withheld shall be transmitted to the commissioner at the times the commissioner designates.*

Subd. 2. [LEVY CONTINUOUS.] *The levy made under subdivision 1 is continuous from the date the notice is received until (1) the amount due stated*

on the notice has been withheld or (2) the notice has been released by the commissioner under section 270.709, whichever occurs first.

Subd. 3. [AMOUNT TO BE WITHHELD.] *The amount required to be withheld under this section is the least of:*

(1) the amount stated on the notice;

(2) if the taxpayer, employer, or person is not a natural person, 100 percent of the payment;

(3) if the taxpayer, employer, or person is an individual, 25 percent of the payment.

Subd. 4. [PAYMENTS COVERED.] *For purposes of this section, the term payments does not include wages as defined in section 290.92 or funds in a deposit account as defined in section 336.9-105. The term payments does include the following:*

(1) payments due for services of independent contractors, dividends, rents, royalties, residuals, patent rights, and mineral or other natural resource rights;

(2) payments or credits under written or oral contracts for services or sales whether denominated as wages, salary, commission, bonus, or otherwise, if the payments are not covered by section 290.92, subdivision 23; and

(3) any other periodic payments or credits resulting from an enforceable obligation to the taxpayer, employer, or person.

Subd. 5. [DETERMINATION OF STATUS; EFFECT.] *A determination of a person's status as an independent contractor under this section does not affect the determination of the person's status for the purposes of any other law or rule.*

Sec. 10. [270.78] [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 11. Minnesota Statutes 1992, section 276.02, is amended to read:

276.02 [TREASURER TO BE COLLECTOR.]

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

Sec. 12. Minnesota Statutes 1992, 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~~ *$200,000* 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 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 279.03, subdivision 1a.

Sec. 13. Minnesota Statutes 1992, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. ~~In addition, on or before June 20 of a year, a retailer who has a May liability of $1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.~~

(b) Returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. ~~Returns filed under the second sentence of paragraph (a) by a retailer required to remit by means of funds transfer are due on June 25~~ *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the estimated June liability is due*, and on or before August 25 of a year, the retailer must file a return showing the actual June liability.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $500 per month in any quarter of a calendar year, and has substantially

complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than $1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than $100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than $1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

Sec. 14. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds $500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.

(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is $3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day

through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the 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.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~$240,000~~ *$120,000*, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 15. Minnesota Statutes 1992, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~$1,500~~ *$120,000* or more ~~in May of~~ *during* a *fiscal* year *ending June 30* must remit the June liability *for the next year* in the following manner:

(1) ~~On or~~ *Two business days* before June ~~20~~ *30* of the year, the vendor must remit ~~the actual May liability and one-half~~ *75 percent* of the estimated June liability to the commissioner.

(2) On or before August ~~20~~ *14* of the year, the vendor must pay any additional amount of tax not remitted in June.

~~(3) If the vendor is required to remit by means of funds transfer as provided in paragraph (d), the vendor may remit the May liability as provided for in paragraph (e), but must remit one-half of the estimated June liability on or before June 14. The remaining amount of the June liability is due on August 14.~~

(c) When a retailer located outside of a city that imposes a local sales and

use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches $10.

(d) A vendor having a liability of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before ~~the date the tax is due~~ the 14th day of the month following the month in which the taxable event occurred, except for ~~the one-half~~ *75 percent* of the estimated June liability, which is due ~~with the May liability on~~ *two business days before* June ~~14~~ *30*. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(e) If the vendor required to remit by electronic funds transfer as provided in paragraph (d) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods. This paragraph does not apply to the June sales and use liability.

Sec. 16. Minnesota Statutes 1992, section 289A.36, subdivision 3, is amended to read:

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 *for inspection and copying*;

(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.

Sec. 17. Minnesota Statutes 1992, section 289A.36, subdivision 7, is amended to read:

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.~~ *Disobedience of subpoenas issued under this section shall be punished 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.*

Sec. 18. Minnesota Statutes 1992, section 289A.40, is amended by adding a subdivision to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; REASONABLE CAUSE.] *If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1.*

Sec. 19. Minnesota Statutes 1992, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax *other than a withholding or sales or use 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.

If a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is five 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 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 15 percent in the aggregate.

Sec. 20. Minnesota Statutes 1992, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, *a withholding return, or sales or use tax 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.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 21. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file withholding or sales or use tax returns or timely pay withholding or sales or use taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 22. Minnesota Statutes 1992, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and ~~one-half~~ *75 percent* 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~~ *70* percent of the actual June liability, (2) ~~50~~ *75* percent of the preceding May's liability, or (3) ~~50~~ *75* percent of the average monthly liability for the previous calendar year.

Sec. 23. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] *In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated*

under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 24. Minnesota Statutes 1992, section 294.03, subdivision 1, is amended to read:

Subdivision 1. If any company, joint stock association, copartnership, corporation, or individual required by law to pay taxes to the state on a gross earnings basis shall fail to pay such tax or gross earnings percentage within the time specified by law for the payment thereof, or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added a specific penalty equal to ~~ten~~ *five* percent of the amount so remaining unpaid *if the failure is for not more than 30 days, with an additional penalty of 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 15 percent in the aggregate.* Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid.

Sec. 25. Minnesota Statutes 1992, section 294.03, subdivision 2, is amended to read:

Subd. 2. In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, ~~unless it is shown that such failure is not due to willful neglect, there shall be added to the tax in lieu of the ten percent specific penalty provided in subdivision 1: ten percent if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate~~ *a penalty of five percent of the amount of tax not timely paid.* The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For purposes of this subdivision, the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 26. Minnesota Statutes 1992, section 294.03, is amended by adding a subdivision to read:

Subd. 4. If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 27. Minnesota Statutes 1992, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed ~~$240,000~~ *$120,000*, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 28. Minnesota Statutes 1992, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX STAMPING MACHINES.] (a) The commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor. A distributor having a liability

of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(b) If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(c) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 29. Minnesota Statutes 1992, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

Sec. 30. Minnesota Statutes 1992, section 297.07, subdivision 4, is amended to read:

Subd. 4. [ACCELERATED TAX PAYMENT.] Every distributor having a liability of ~~$1,500~~ *$120,000* or more ~~in May 1987 or in May of each subsequent~~ *during a fiscal* year *ending June 30*, shall remit the June liability *for the next year* in the *following* manner ~~required by this section.~~*:*

~~On or~~ *(a) Two business days* before ~~June 18, 1987, or~~ June ~~18~~ *30* of ~~each subsequent~~ *the* year, the distributor shall remit the actual May liability and ~~one-half~~ *75 percent* of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) On or before ~~July 18, 1987, or July~~ *August* 18 of ~~each subsequent~~ *the* year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) ~~45~~ *70* percent

of the actual June liability, or (b) ~~50~~ *75* percent of the preceding May's liability.

Sec. 31. Minnesota Statutes 1992, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A distributor having a liability of ~~$240,000~~ *$120,000* or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 32. Minnesota Statutes 1992, section 297.35, subdivision 5, is amended to read:

Subd. 5. Every distributor having a liability of ~~$1,500~~ *$120,000* or more ~~in May 1987 or in May of each subsequent~~ *during a fiscal* year *ending June 30*, shall remit the June liability *for the next year* in the *following* manner ~~required by this section.~~:

~~On or~~ *(a) Two business days* before ~~June 18, 1987, or~~ June ~~18~~ *30* of ~~each subsequent~~ *the* year, the distributor shall remit the actual May liability and ~~one-half~~ *75 percent* of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) On or before ~~July 18, 1987, or July~~ *August* 18 of ~~each subsequent~~ *the* year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of ~~(a)~~ *(1)* ~~45~~ *70* percent of the actual June liability, or ~~(b)~~ *(2)* ~~50~~ *75* percent of the preceding May's liability.

Sec. 33. Minnesota Statutes 1992, section 297.43, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment,

or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it, there shall be added to the tax a penalty equal to ~~three~~ *five* percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ *five* percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ *15* percent in the aggregate.

Sec. 34. Minnesota Statutes 1992, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax ~~three~~ *five* percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate~~. The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return 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 shall not be less than the lesser of (i) $200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) $50.

Sec. 35. Minnesota Statutes 1992, section 297.43, is amended by adding a subdivision to read:

Subd. 4a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 36. Minnesota Statutes 1992, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; FAILURE TO PAY.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons liable for the tax on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating

liquor for possible revocation or suspension of license. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A person liable for an excise tax of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 37. Minnesota Statutes 1992, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A licensed brewer, importer, or distributor having an excise tax liability of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 38. Minnesota Statutes 1992, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [ACCELERATED TAX PAYMENT.] Every person liable for tax under this chapter having a liability of ~~$1,500~~ *$120,000* or more ~~in May 1987 or in May of each subsequent~~ *during a fiscal* year *ending June 30*, shall remit the June liability *for the next year* in the *following* manner ~~required by this section.~~*:*

~~On or~~ *(a) Two business days* before ~~June 18, 1987, or~~ June ~~18~~ *30* of ~~each subsequent~~ *the* year, the taxpayer shall remit the actual May liability and ~~one-half~~ *75 percent* of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) On or before ~~August 18, 1987,~~ or August 18 of ~~each subsequent~~ *the* year, the taxpayer shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of ~~(a)~~ *(1)* ~~45~~ *70* percent of the actual June liability, or ~~(b)~~ *(2)* ~~50~~ *75* percent of the preceding May's liability.

Sec. 39. Minnesota Statutes 1992, section 297C.14, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it, there shall be added to the tax a penalty equal to ~~three~~ *five* percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ *five* percent of the amount of tax unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ *15* percent in the aggregate.

Sec. 40. Minnesota Statutes 1992, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax ~~three~~ *five* percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate~~. The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return 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 shall not be less than the lesser of (i) $200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) $50.

Sec. 41. Minnesota Statutes 1992, section 297C.14, is amended by adding a subdivision to read:

Subd. 9. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the*

amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 42. Minnesota Statutes 1992, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February ~~8~~ *15*. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed on or before February 1. A remittance equal to ~~90~~ *100* percent of the total tax required to be paid hereunder shall be paid on or before February ~~15~~ *24*. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. ~~The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15~~. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a ~~partial~~ tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the ~~partial~~ tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

~~If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.~~

A person having a liability of $120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section

336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336A.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 43. Minnesota Statutes 1992, section 299F.21, subdivision 2, is amended to read:

Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a tax under this section shall make and file a statement of estimated taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section 289A.60, subdivision 1, *as related to withholding and sales or use taxes,* shall be imposed.

Sec. 44. Minnesota Statutes 1992, section 299F.23, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO FILE; PENALTIES ~~AND INTEREST~~.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as related to withholding and sales or use taxes.*

Sec. 45. Minnesota Statutes 1992, section 299F.23, is amended by adding a subdivision to read:

Subd. 5. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 46. Minnesota Statutes 1992, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter

297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

(1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;

(2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2, paragraph (a), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 47. Minnesota Statutes 1992, section 349.217, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is ~~three~~ *five* percent of the unpaid 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~~ *15* percent in the aggregate.

If the taxpayer has not filed a return, for purposes of this subdivision the time specified for payment is the final date a return should have been filed.

Sec. 48. Minnesota Statutes 1992, section 349.217, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is ~~three~~ *five* percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~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 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 be at least 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.

Sec. 49. Minnesota Statutes 1992, section 349.217, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 50. Minnesota Statutes 1992, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of ~~$240,000~~ *$120,000* or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 51. [PENALTY FOR REPEATED NON-FILING; RULEMAKING REQUIRED.]

Before imposing a penalty under section 3, 6, 21, 26, 35, 41, 45, or 49, the commissioner of revenue shall promulgate rules under Minnesota Statutes, chapter 14, that prescribe what constitutes "repeated failures to timely file returns or timely pay taxes" for purposes of the penalty under each section and any other matters the commissioner determines appropriate.

Sec. 52. [EFFECTIVE DATE.]

Sections 1 to 6, 19 to 21, 24 to 26, 33 to 35, 39 to 41, 43 to 45, and 47 to 49 are effective for taxes and returns due on or after January 1, 1994.

For purposes of imposing the penalties under sections 3, 6, 21, 26, 35, 41, 45, and 49, violations for late filing of returns or late payment of taxes can

occur before or after January 1, 1994, but no penalty may be imposed under those sections until final rules promulgated under the administrative procedures act satisfying requirements of section 51 take effect.

Sections 7, 8, 11, 16, and 17 are effective the day following final enactment.

Section 9 is effective July 1, 1993.

Sections 10 and 23 are effective for taxes due on or after October 1, 1993.

Section 12 is effective for confessions of judgment entered into after June 30, 1993.

Sections 13 to 15, 22, 27 to 32, 36 to 38, 42, 46, and 50 are effective for payments due in the calendar year 1994, and thereafter, based upon payments made in the fiscal year ending June 30, 1993, and thereafter; provided that section 13, as it relates to quarterly and annual sales and use tax returns, is effective for returns due for calendar quarters beginning with the first quarter of 1994, and for calendar years beginning with 1994.

Section 18 is effective for returns due for taxable years beginning after December 31, 1982.

ARTICLE 11

ASSESSORS ADMINISTRATIVE

Section 1. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] *If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.*

Sec. 2. Minnesota Statutes 1992, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners ~~and shall be a resident of this state~~. The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, 1992, or within two years of the assessor's first appointment under this section, whichever is later.

Sec. 3. Minnesota Statutes 1992, section 273.11, subdivision 13, is amended to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors *or other licensed assessors who have successfully completed at least two income-producing property appraisal courses* may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes, and class 4d in section 273.13, subdivision 25; and class 5 in section 273.13, subdivision 31. *"Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.*

Sec. 4. [REPORT ON COMPOSITION OF FARMS.]

Before December 1, 1993, each county assessor shall provide a report to the commissioner of revenue on the composition of farm homesteads within the county. The report shall document the size of farms in acres, the value of farms broken down into land value and building value, and such other information as the commissioner shall require. The report shall be in a form prescribed by the commissioner with consultation from legislative staff. The commissioner shall make the information collected in the reports available to legislative staff.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment.

Section 2 is effective for any appointment beginning January 1, 1993 and thereafter.

ARTICLE 12

CONTAMINATION TAX

Section 1. [270.91] [CONTAMINATION TAX.]

Subdivision 1. [IMPOSITION.] *A tax is annually imposed on the contamination value of taxable real property in this state.*

Subd. 2. [INITIAL TAX RATES.] *Unless the rates under subdivision 3 or 4 apply, the tax imposed under this section equals 100 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.*

Subd. 3. [TAX RATES, NONRESPONSIBLE PARTY.] *If neither the owner nor the operator of the taxable real property, in the assessment year, is a responsible person under chapter 115B or a responsible party under chapter 18D for the presence of contaminants on the property, unless subdivision 4 applies, the tax imposed under this section equals 25 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. A determination under section 115B.177 or other similar determination by the commissioner of the pollution control agency or by the commissioner of agriculture for a release of agricultural chemicals is dispositive of whether the owner or operator is not a responsible person under chapter 18D or 115B for purposes of this section. To qualify under this*

subdivision, the property owner must provide the assessor with a copy of the determination by July 1 of the assessment year.

Subd. 4. [TAX RATES AFTER PLAN APPROVAL.] *(a) The tax imposed under this subdivision applies for the first assessment year that begins after one of the following occurs:*

(1) a response action plan for the property has been approved by the commissioner of the pollution control agency or by the commissioner of agriculture for an agricultural chemical release or incident subject to chapter 18D and work under the plan has begun; or

(2) the contaminants are asbestos and the property owner has in place an abatement plan for enclosure, removal, or encapsulation of the asbestos or a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. To qualify under this clause, the property owner must (1) have entered into a binding contract with a licensed contractor for completion of the work, (2) have obtained a license from the commissioner of health and begun the work, or (3) implemented a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. An abatement plan must provide for completion of the work within a reasonable time period, as determined by the assessors. An asbestos management program must cover a period of time and require such proactive practices as are required by the rules, requirements, and formal policies of the United States environmental protection agency.

(b) To qualify under paragraph (a), the property owner must provide the assessor with a copy of: (1) the approved response action plan; (2) a copy of the asbestos abatement plan and contract for completion of the work or the owner's license to perform the work; or (3) a copy of the approved asbestos management program. The property owner also must file with the assessor an affidavit indicating when work under the response action plan or asbestos abatement plan began.

(c) The tax imposed under this subdivision equals 50 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

(d) The tax imposed under this subdivision equals 12.5 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. The tax under this paragraph applies if one of the following conditions is satisfied:

(1) the contaminants are subject to chapter 115B and neither the owner nor the operator of the taxable real property in the assessment year is a responsible person under chapter 115B;

(2) the contaminants are subject to chapter 18D and neither the owner nor the operator of the taxable real property in the assessment year is a responsible party under chapter 18D;

(3) the contaminants are asbestos and neither the owner nor the operator of the taxable real property in the assessment year is required to undertake asbestos-related work, but is implementing a proactive in-place management program.

Sec. 2. [270.92] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] *For purposes of sections 1 to 8, the following terms have the meanings given.*

Subd. 2. [ASSESSMENT YEAR.] *"Assessment year" means the assessment year for purposes of general ad valorem property taxes.*

Subd. 3. [CONTAMINANT.] *"Contaminant" means a harmful substance as defined in section 115B.25, subdivision 7a.*

Subd. 4. [CONTAMINATED MARKET VALUE.] *"Contaminated market value" is the amount determined under section 3.*

Subd. 5. [PRESENCE OF CONTAMINANTS.] *"Presence of contaminants" includes the release or threatened release, as defined in section 115B.02, subdivision 15, of contaminants on the property.*

Subd. 6. [RESPONSE PLAN.] *"Response plan" means: (1) a development action response plan, as defined in section 469.174, subdivision 17; (2) a response action plan under chapter 115B or a corrective action plan under chapter 18D; (3) a plan for corrective action approved by the commissioner of agriculture under section 18D.105; or (4) a plan for corrective action approved by the commissioner of the pollution control agency under section 115C.03.*

Sec. 3. [270.93] [TAX BASE; CONTAMINATION VALUE.]

The contamination value of a parcel of property is the amount of the market value reduction, if any, that is granted for general ad valorem property tax purposes for the assessment year because of the presence of contaminants. The contamination value for a property may be no greater than the estimated cost of implementing a reasonable response action plan or asbestos abatement plan or management program for the property. These reductions in market value include those granted by a court, by a board of review, by the assessor upon petition or request of a property owner, or by the assessor. Reductions granted by the assessor are included only if the assessor reduced the property's market value for the presence of contaminants using an appraisal method or methods that are specifically designed or intended to adjust for the valuation effects of the presence of contaminants. The contamination value for a parcel with a reduction in value of less than $10,000 is zero.

Sec. 4. [270.94] [EXEMPTION.]

(a) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel of property attributable to contaminants that were addressed by a response action plan for the property, if the commissioner of the pollution control agency, or the commissioner of agriculture for a release subject to chapter 18D, has determined that all the requirements of the plan have been satisfied. This exemption applies beginning for the first assessment year after the commissioner of the pollution control agency, or the commissioner of agriculture determines that the implementation of a response action plan has been completed. To qualify under this paragraph, the property owner must provide the assessor with a copy of the determination by the commissioner of the pollution control agency or the commissioner of agriculture of the completion of the response action plan.

(b) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel that is attributable to asbestos, if the work has been completed under an asbestos abatement plan and the property owner provides

the assessor with an affidavit stating the work under the abatement plan has been completed and any other evidence or information the assessor requests.

Sec. 5. [270.95] [PAYMENT; ADMINISTRATION.]

The tax imposed under sections 1 to 8 is payable at the same time and manner as the regular ad valorem property tax. The tax is subject to the penalty, interest, lien, forfeiture, and any other rules for collection of the regular ad valorem property tax. If a reduction in market value that creates contamination value is granted after the ad valorem property tax has been paid, the contamination tax must be subtracted from the amount to be refunded to the property owner.

Sec. 6. [270.96] [DUTIES.]

Subdivision 1. [ASSESSORS.] *Each assessor shall notify the county auditor of the contamination value under section 1 by the separate tax rate categories under subdivisions 2, 3, and 4 for each parcel of property within the assessor's jurisdiction. The assessor shall provide notice of the contamination value to the property owner by the later of June 1 of the assessment year or 30 days after the reduction in market value is finally granted.*

Subd. 2. [AUDITOR.] *The county auditor shall prepare separate lists of the contamination values for all property located in the county that are taxed under section 1, subdivisions 2, 3, and 4. The commissioner shall prescribe the form of the listing. The auditor shall include the amount of the contamination taxes on the contamination value for the assessment year on the regular ad valorem property tax statement under section 276.04.*

Subd. 3. [TREASURER.] *(a) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivision 4, less the amount retained by the county for the cost of administration under section 8, to the commissioner at the same times provided for the ad valorem property tax settlements.*

(b) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivisions 2 and 3 to the local taxing jurisdictions in the same manner provided for the distribution of ad valorem property taxes.

Subd. 4. [COURT ORDERED REDUCTIONS IN VALUE.] *If a court orders a reduction in market value for purposes of the ad valorem property tax because of the presence of contaminants on the property, the court shall include in its order an offset for payment of the tax on contaminated value under section 1.*

Sec. 7. [270.97] [DEPOSIT OF REVENUES.]

The commissioner shall deposit all revenues derived from the tax, interest, and penalties received from the county in the contaminated site cleanup and development account in the general fund.

Sec. 8. [270.98] [LOCAL ADMINISTRATIVE COSTS.]

The county may retain five percent of the total revenues derived from the tax imposed under section 1, subdivision 4, including interest and penalties, as compensation for administering the tax. The county board may reimburse municipalities for the services provided by assessors employed by the municipality in administering sections 1 to 8.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VALUATION OF CONTAMINATED PROPERTIES.] *(a) In determining the market value of property containing contaminants, the assessor shall reduce the market value of the property by the contamination value of the property. The contamination value is the amount of the market value reduction that results from the presence of the contaminants, but it may not exceed the cost of a reasonable response action plan or asbestos abatement plan or management program for the property.*

(b) For purposes of this subdivision, "asbestos abatement plan," "contaminants," and "response action plan" have the meanings as used in sections 1 and 2.

Sec. 10. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail.

(d) 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; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(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. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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.

(e) 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;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; ~~and~~

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes*; and*

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 11. Minnesota Statutes 1992, 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 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated.* The dollar amounts, including the dollar amount of

any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

(6) the net tax payable in the manner required in paragraph (a); and

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in

1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective beginning with taxes assessed in 1994, payable in 1995, and apply to reductions in market value in effect for the year regardless of when they were granted.

ARTICLE 13

CONTAMINATION CLEANUP GRANTS

Section 1. [116J.551] [CREATION OF ACCOUNT.]

A contaminated site cleanup and development account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 4 and to pay for the commissioner's costs in reviewing applications and making grants.

Sec. 2. [116J.552] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] *For purposes of sections 1 to 7, the following terms have the meanings given.*

Subd. 2. [CLEANUP COSTS.] *"Cleanup costs" or "costs" mean the cost of implementing an approved response action plan.*

Subd. 3. [CONTAMINANT.] *"Contaminant" means a hazardous substance or a pollutant or contaminant as those terms are defined in section 115B.02.*

Subd. 4. [DEVELOPMENT AUTHORITY.] *"Development authority" includes a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.*

Subd. 5. [METROPOLITAN AREA.] *"Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.*

Subd. 6. [MUNICIPALITY.] *"Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the site is located.*

Subd. 7. [PROJECT COSTS.] *"Project costs" includes cleanup costs for the site and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements necessary for the development authority to implement the response action plan.*

Subd. 8. [RESPONSE ACTION PLAN.] *"Response action plan" means a response action plan approved by the commissioner of the pollution control agency, including a "development action response plan" that meets the requirements of section 469.174, subdivision 17; and a "voluntary response action plan" under section 115B.175, subdivision 3.*

Sec. 3. [116J.553] [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] *To obtain a contamination cleanup development grant, the development authority shall apply to the commissioner. The governing body of the municipality must approve, by resolution, the application.*

Subd. 2. [REQUIRED CONTENT.] *The commissioner shall prescribe and provide the application form. The application must include at least the following information:*

(1) identification of the site;

(2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;

(3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;

(4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser using accepted appraisal methodology;

(5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;

(6) the manner in which the municipality will meet the local match requirement; and

(7) any additional information or material that the commissioner prescribes.

Sec. 4. [116J.554] [GRANTS.]

Subdivision 1. [AUTHORITY.] *The commissioner may make a grant to an applicant development authority to pay for up to 75 percent of the cleanup costs for a qualifying site, except the grant may not exceed 50 percent of the project costs. The determination of whether to make a grant for a qualifying site is within the sole discretion of the commissioner, subject to the process provided by this section, and available unencumbered money in the appropriation. The commissioner's decisions and application of the priorities under section 5 are not subject to judicial review, except for abuse of discretion.*

Subd. 2. [QUALIFYING SITES.] *A site qualifies for a grant under this section, if the following criteria are met:*

(1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the environmental response, and liability act under sections 115B.01 to 115B.24;

(2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology (i) is less than 50 percent of the estimated cleanup costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed $3 per square foot for the site; and

(3) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 5. [116J.555] [PRIORITIES.]

Subdivision 1. [PRIORITIES.] *(a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.*

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the pollution control agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. [APPLICATION CYCLES; REPORTING TO LCWM.] *(a) In making grants, the commissioner shall establish regular application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.*

(b) After each cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in

that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 6. [116J.556] [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 1 to 7, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict. The district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 7. [116J.557] [COST RECOVERY ACTIONS.]

Subdivision 1. [CAUSE OF ACTION.] *The attorney general or a development authority or municipality that incurs cleanup costs to implement an approved response action plan pursuant to sections 216C.11 to 216C.16, may bring an action under section 115B.04 or other law to recover the reasonable and necessary cleanup costs incurred by the development authority or municipality. The attorney general, development authority, or municipality may recover all cleanup costs incurred whether paid from the proceeds of a grant under sections 216C.11 to 216C.16 or funds of the development authority or municipality. Recoverable costs include administrative and legal costs related to the development and implementation of the response action plan but do not include any cost associated with development or redevelopment of property. A development authority or municipality must have the consent of the attorney general to bring or settle an action under this subdivision to recover cleanup costs paid from the proceeds of a grant.*

Subd. 2. [PROCEDURES.] *The commissioner shall notify the attorney general when a grant is awarded under sections 216C.11 to 216C.16. Upon request of the attorney general the development authority shall prepare and submit a certification of the cleanup costs and shall cooperate in any cost recovery action brought by the attorney general under subdivision 1. Certification by the development authority of the cleanup costs incurred to develop and implement the approved response action plan is prima facie evidence that the costs are reasonable and necessary in any action brought under this section.*

Subd. 3. [ATTORNEY GENERAL ASSISTANCE AND COSTS.] *(a) The attorney general may assist a development authority or municipality, if requested to do so, in bringing an action under subdivision 1 by providing legal and technical advice or other appropriate assistance. The attorney general shall not assess any fee to the development authority or municipality for the assistance but may recover the cost of the assistance as provided in paragraph (b).*

(b) If the attorney general brings or assists in an action brought under subdivision 1, the reasonable litigation expenses or other costs of legal or technical assistance incurred by the attorney general must be deducted from any recovery and paid to the attorney general before proceeds of the recovery are otherwise distributed. The attorney general shall deposit any money so deducted in the general fund.

Subd. 4. [DISPOSITION OF RECOVERED AMOUNTS.] *Amounts recovered from responsible persons, after any deduction under subdivision 3, and all other amounts otherwise received by the municipality, the agency, or the attorney general for the site shall be used to reimburse the municipality and the account in proportion to their respective payments for response costs. The amount of recovered costs apportioned to tax increments must be treated by the municipality and development authority as an excess increment under section 469.176, subdivision 2.*

Sec. 8. [ST. PAUL; ARLINGTON-JACKSON STUDY AREA; SPECIAL RULES FOR LOCAL MATCH.]

(a) The city of St. Paul or any of its development authorities or agencies may apply for one or more grants under this article for contamination cleanup in the area bounded on the south by Maryland Avenue, on the west by Jackson Street, on the north by Arlington Avenue, and on the east by interstate highway 35E. In applying the local match requirement under section 6, the city may meet the requirement that an amount equal to 18 percent of cleaning costs be paid with unrestricted money (excluding tax increments) by including unrestricted money spent in the defined area for land acquisition, public improvements or other development costs which do not qualify as cleanup costs.

(b) Notwithstanding this exception, the city must provide, at least, one-half of the project costs for the site for which the grant is made. The local share of the project costs may be financed wholly or in part with tax increments.

(c) Unrestricted money spent for land acquisition or other costs and counted to meet the 18 percent match may be spent for costs anywhere with the defined area, regardless of whether they are for the specific site, but may only be used once in an application for a grant, if grant applications are made for two or more sites in the area.

(d) These special rules are provided to allow the city to begin activities within the broader area before testing and assessment of the contamination has been done and still to be able to qualify for a grant with an equivalent local match. The legislature shall study whether similar situations are common for other contaminated areas and whether the general law should be modified to provide for similar treatment for all comparable sites.

Sec. 9. [APPROPRIATION.]

$2,000,000 is appropriated to the commissioner of trade and economic development from the contaminated site cleanup and development account in the general fund to make grants under sections 1 to 7 and to pay the costs of administering the grant program. This appropriation is for fiscal year 1995 and remains available and does not cancel.

ARTICLE 14

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1992, section 273.1399, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) the captured net tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990;

(2) the captured net tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than *a qualified housing district, qualified hazardous substance subdistrict, or* 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 assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5

12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and ~~(4)~~ *(5)*, for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that ~~(1)~~ has a population under 10,000 according to the last federal census ~~and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget~~.

(d) "Qualified housing district" means a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

(e) "Qualified hazardous substance subdistrict" means a hazardous substance subdistrict in which the municipality has made an election to make an alternative local contribution as provided under section 9.

Sec. 2. [272.71] [TIF PROPERTIES; NOTICE OF POTENTIAL VALUATION REDUCTIONS.]

(a) The following officials shall notify the municipality of potential reductions in the market value of taxable parcels located in a tax increment financing district:

(1) for applications to reduce market value or abate taxes or for applications to a local or county board of review, the assessor;

(2) for applications to reduce market value or abate taxes by the state board of equalization, the commissioner of revenue;

(3) for petitions to reduce market value or object to taxes under chapter 278, the county attorney.

The official shall provide the notice to the municipality in writing within 60 days after the petition or application for a reduction is made.

(b) This section applies only to reductions in valuation or taxes that are granted after certification of final values for purposes of certifying local tax rates.

(c) For purposes of this section, "municipality" means the municipality for the tax increment financing district, as defined under section 469.174, subdivision 6.

Sec. 3. Minnesota Statutes 1992, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be

deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. *Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard.* For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make an agreement with the governing body or bodies creating the authority which provides exemption from all real and personal property taxes

levied or imposed by the state, city, county, or other political subdivisions, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of

data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5);

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01, except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 4. Minnesota Statutes 1992, section 469.174, subdivision 19, is amended to read:

Subd. 19. [SOILS CONDITION DISTRICTS.] (a) "Soils condition district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

(1) ~~less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;~~

~~(2)~~ unusual terrain, *the presence of hazardous substances, pollution or contaminants,* or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading, *removal or remedial action,* or other physical preparation for use;

~~(3)~~ *(2)* the estimated cost of the physical preparation under clause ~~(2)~~ *(1)*, but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, ~~when added to the fair market value of the land upon inclusion in the district~~ exceeds the ~~anticipated~~ fair market value of the land ~~upon~~ *before* completion of the preparation.

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds $2 per square foot for the area of the parcel.

(b) An area does not qualify as a soils condition district if it contains a wetland, as defined in section 103G.005, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.

(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.

~~(d) No parcel shall be included in the district unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies. The agreement must provide recourse for the authority if the development is not completed.~~

Sec. 5. Minnesota Statutes 1992, section 469.174, subdivision 20, is amended to read:

Subd. 20. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1988~~ *1992*.

Sec. 6. Minnesota Statutes 1992, section 469.174, is amended by adding a subdivision to read:

Subd. 27. [TOURISM FACILITY.] *"Tourism facility" means property that:*

(1) is located in a county where the median income is no more than 85 percent of the state median income;

(2) is located in a county in which, excluding the cities of the first class in that county, the earnings on tourism-related activities are 15 percent or more of the total earnings in the county;

(3) is located outside the metropolitan area defined in section 473.121, subdivision 2;

(4) is not located in a city with a population in excess of 20,000; and

(5) is acquired, constructed, or rehabilitated for use as a convention and meeting facility, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

Sec. 7. Minnesota Statutes 1992, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] *(a)* A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;

(3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administration expenses;

(ii) amount of bonded indebtedness to be incurred;

(iii) sources of revenue to finance or otherwise pay public costs;

(iv) the most recent net tax capacity of taxable real property within the tax increment financing district;

(v) the estimated captured net tax capacity of the tax increment financing district at completion; and

(vi) the duration of the tax increment financing district's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district.

(b) For a housing district, redevelopment district, or a hazardous substance subdistrict, the authority may elect in the tax increment financing plan to provide for the identification of a minimum market value in the plan, development agreement, or assessment agreement, and provide that increment is first received by the authority when (1) the market value of the improvements as determined by the assessor reaches or exceeds the minimum market value, or (2) four years has elapsed from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, whichever is earlier.

Sec. 8. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 2a. [HOUSING DISTRICTS; REDEVELOPMENT DISTRICTS.] *In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the*

proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district.

Sec. 9. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 6. [HAZARDOUS SUBSTANCE SUBDISTRICTS; LOCAL CONTRIBUTION ELECTION.] *The state aid reductions under section 273.1399 do not apply to a hazardous substance subdistrict, if the municipality elects to pay and pays 18 percent of the cost of developing and implementing the development action response plan for the subdistrict and of any deposits to an indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted money of the municipality (other than tax increments). The municipality must elect this option before it requests certification of the original tax capacity of the subdistrict and must notify the commissioner of revenue of its election. The election is irrevocable.*

Sec. 10. Minnesota Statutes 1992, 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)~~ *subdivisions 1a to 1f*, 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)~~ *subdivisions 1a to 1f*. 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~~ *are* pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

~~(d)~~ *Subd. 1a.* [DURATION LIMIT; THREE-YEAR ACTIVITY RULE.] 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, unless within the three-year period (1) bonds have been issued in aid of the project containing the district pursuant to section 469.178, or any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, 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)~~ *Subd. 1b.* [DURATION LIMITS; TERMS.] *(a)* No tax increment shall in any event be paid to the authority

(1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, ~~redevelopment district, or housing district,~~

(2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,

(3) after 12 years from approval of the tax increment financing plan for a soils condition district, ~~and~~

(4) after ~~eight~~ *nine* years from the date of the receipt, or ~~ten~~ *11* years from approval of the tax increment financing plan, whichever is less, for an economic development district~~.~~,

(5) for a housing district or a redevelopment district, after 20 years from the date of receipt by the authority of the first tax increment by the authority pursuant to section 469.175, subdivision 1, paragraph (b); or, if no provision is made under section 469.175, subdivision 1, paragraph (b), after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

Subd. 1c. [DURATION LIMITS; PRE-1979 DISTRICTS.] 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)~~ *Subd. 1d.* [DURATION LIMITS; EFFECT OF MODIFICATIONS.] Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of ~~this subdivision~~ *subdivisions 1 to 1f.*

~~(g)~~ *Subd. 1e.* [DURATION LIMITS; HAZARDOUS SUBSTANCE SUBDISTRICTS.] 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~~ *subdivisions 1 to 1f for the overlying district.* 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 469.174,

subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.174, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period *or 20 years if the authority elects under section 469.175, subdivision 1, paragraph (b), to defer receipt of the first increment*; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

~~(h)~~ *Subd. 1f.* [DELINQUENT TAXES AFTER TERMINATION.] If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits ~~under this subdivision~~, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 11. Minnesota Statutes 1992, section 469.176, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT; GENERAL RULE.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.134, *by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan,* by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve.

Sec. 12. Minnesota Statutes 1992, 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 ten~~ *more than 15* percent of the buildings and facilities (determined on the basis of square footage) are used for 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 *tangible personal* property, ~~but~~ excluding retail sales;

(3) research and development ~~or~~ *related to the activities listed in clause (1) or (2);*

(4) telemarketing if that activity is the exclusive use of the property; ~~or~~

~~(4)~~ *(5)* tourism facilities~~, if the tourism facility is not located in a development region, as defined in section 462.384, with a population in excess of 1,000,000~~*; or*

(6) space necessary for and related to the activities listed in clauses (1) to (5).

~~The percentage of buildings and facilities that may be used for nonqualifying 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)~~ *(b)* 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. 13. Minnesota Statutes 1992, section 469.176, subdivision 4e, is amended to read:

Subd. 4e. [HAZARDOUS SUBSTANCE SUBDISTRICTS.] The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original net tax capacity pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; ~~and~~ (3) *purchase of environmental insurance or deposits to a guaranty fund, relating only to liability or response costs for land in the subdistrict; and (4)* related administrative and legal costs, including costs of review and approval of development response action plans by the pollution control agency and litigation expenses of the attorney general.

Sec. 14. Minnesota Statutes 1992, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] *(a)* These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

Sec. 15. [469.1765] [GUARANTY FUND.]

Subdivision 1. [AUTHORITY TO ESTABLISH.] *An authority may establish and maintain a guaranty fund or funds. Money in the guaranty fund is available, under the terms and conditions that the development authority establishes, to indemnify or hold harmless a person from liability for remediation costs under a state or federal environmental law, regulation, ruling, order, or decision.*

Subd. 2. [ELIGIBLE PERSON.] *The authority may agree to pledge money in the guaranty fund to indemnify a person whose liability arises out of use, ownership, occupancy, or financing of a property in the subdistrict or district.*

Subd. 3. [TERMS OF INDEMNITY.] *The authority shall determine by resolution or by agreement with the person the terms and conditions under which money in the guaranty fund will be used to indemnify or hold harmless*

the person. The authority may not agree to indemnify a person from liability for contamination caused by the person. The maximum amount that may be paid from the guaranty fund with respect to properties within a subdistrict or district is one-half of the remediation and removal costs. The maximum duration of an indemnification agreement is 25 years. An indemnification agreement is subject to any other restrictions provided by this section or other law.

Subd. 4. [FUNDING.] *(a) Revenues derived from tax increments and any other money available to the authority may be deposited in the guaranty fund. The municipality may appropriate money to the authority to be deposited in the guaranty fund.*

(b) If a guaranty fund is established that applies to property located in more than one tax increment financing district or subdistrict, the authority shall establish separate accounts for each subdistrict and district. The authority shall deposit all revenues derived from tax increments from a subdistrict or district in the account for that subdistrict or district, except the following amounts may be deposited in a general or other account: (1) the portion of revenue derived increments from a district, subject to section 469.1763, that may be spent on activities outside of the district, or (2) up to 25 percent of the revenues derived from increments from districts that are not subject to section 469.1763 and which may be deposited in the guaranty fund under the applicable tax increment financing plans. Investment earnings of money in an account must be credited to that account.

(c) The only money which may be pledged to indemnify or hold harmless a person from liability are amounts either in the account for the subdistrict or district in which the property out of which the liability arose is located or in an account not dedicated to a specific subdistrict or district.

Subd. 5. [LIABILITY LIMITED.] *The authority and municipality is liable under a guaranty fund agreement only to the extent funds are available in the guaranty fund account or accounts available for the property.*

Subd. 6. [DEPOSITORY.] *The authority shall provide for the guaranty fund to be held by or maintained with a financial institution or corporate fiduciary eligible for the deposit of public money or eligible to act as a trustee or fiduciary for obligations issued under chapter 475.*

Subd. 7. [FINAL DISPOSITION OF FUNDS.] *At the end of the period of the indemnification, all unencumbered money in the guaranty fund for the subdistrict or district must be treated as an excess increment and distributed under the provisions of section 469.176, subdivision 2, paragraph (a), clause (4). If the municipality contributed money to the account, other than revenues derived from increments, the authority may deduct and pay to the municipality a proportionate share of the unencumbered money in the account before the money is distributed as an excess increment. The proportionate share is determined based on the amount of contributions of nonincrements to the account relative to total contributions, including increments, to the account.*

Sec. 16. [469.1766] [DEVELOPER PAYMENTS.]

If the development agreement, other agreement, or arrangement provides for the developer to repay all or part of the assistance provided that was financed, directly or indirectly, with revenues derived from tax increments, the developer payments are subject to the restrictions imposed by law on revenues

derived from tax increments and may only be spent for the purposes for which increments may be spent. A developer includes any beneficiary of assistance financed with revenues derived from tax increments.

Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that otherwise would have been paid in whole or part by the beneficiary.

Sec. 17. Minnesota Statutes 1992, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement *or as a result of tax forfeiture*, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the

Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(h) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

Sec. 18. Minnesota Statutes 1992, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement with any person establishing a minimum market value of land, existing improvements, or improvements to be constructed in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. *If an agreement is fully executed before July 1 of an assessment year, the market value as provided under the agreement must be used by the county or local assessor as the taxable market value of the property for that assessment. Agreements executed on or after July 1 of an assessment year become effective for assessment purposes in the following assessment year.* An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment

agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and improvements are reasonable.

The assessment agreement shall be filed for record and recorded in the office of the county recorder or the registrar of titles of each county where the real estate or any part thereof is situated. *After the agreement becomes effective for assessment purposes,* the assessor shall value the property under section 273.11, except that the market value assigned shall not be less than the minimum market value established by the assessment agreement. The assessor may assign a market value to the property in excess of the minimum market value established by the assessment agreement. The owner of the property may seek, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes, but no city assessor, county assessor, county auditor, board of review, board of equalization, commissioner of revenue, or court of this state shall grant a reduction of the market value below the minimum market value established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording an assessment agreement constitutes notice of the agreement to anyone who acquires any interest in the land or improvements that is subject to the assessment agreement, and the agreement is binding upon them.

An assessment agreement may be modified or terminated by mutual consent of the current parties to the agreement. Modification or termination of an assessment agreement must be approved by the governing body of the municipality. If the estimated market value for the property for the most recently available assessment is less than the minimum market value established by the assessment agreement for that or any later year and if bond counsel does not conclude that termination of the agreement is necessary to preserve the tax exempt status of outstanding bonds or refunding bonds to be issued, the modification or termination of the assessment agreement also must be approved by the governing bodies of the county and the school district. A document modifying or terminating an agreement, including records of the municipality, county, and school district approval, must be filed for record. The assessor's review and certification is not required if the document terminates an agreement. A change to an agreement not fully executed before July 1 of an assessment year is not effective for assessment purposes for that assessment year. If an assessment agreement has been modified or prematurely terminated, a person may seek a reduction in market value or tax through the exercise of any administrative or legal remedy. The remedy may not provide for reduction of the market value below the minimum provided under a modified assessment agreement that remains in effect. In no event

may a reduction be sought for a year other than the current taxes payable year.

Sec. 19. Minnesota Statutes 1992, section 469.1831, subdivision 4, is amended to read:

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 the city determines that private investment will be sufficient to provide for development and redevelopment of the project area 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 *and money described in Laws 1990, chapter 604, article 7, section 29, as amended,* may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision *without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section*

469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 20. [MINNETONKA; SOILS DISTRICT.]

Subdivision 1. [AUTHORITY.] *The city of Minnetonka may create a soils condition tax increment financing district with or without a hazardous substance subdistrict, covering all or any portion of the following described property in the city of Minnetonka, county of Hennepin, state of Minnesota:*

All that part of the east half of the northeast quarter of section 14, township 117 north, range 22 west, lying north of the Great Northern Railway right-of-way;

The east half of the southeast quarter of section 11, township 117 north, range 22 west; and

Lots 1, 2, 3, 4, 5, and 10, Block 1, and Lots 1, 2, 3, and 8, Block 2, Golden Acres Addition.

This district and a subdistrict may be created under Minnesota Statutes, section 469.175, if the governing body of the city finds, by resolution, that establishment of the district and a subdistrict will facilitate environmental response and provide for the settlement of pending litigation. Except as otherwise provided in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, apply to the district and a subdistrict. The city may issue bonds or other obligations payable, in whole or in part, from increment derived from the district and a subdistrict. The request for certification of the district and a subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from the district or from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 19, clause (a)(3); and 469.176, subdivisions 1, paragraph (d), 4b, 4e, 6, and 7, do not apply to this district and subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [QUALIFICATION RULES.] *Before creating a district or subdistrict under this section, the governing body of the city of Minnetonka must find (i) that the response costs related to the district and subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceed the estimated fair market value of the land in the district and subdistrict after completion of all necessary response activities and provision of indemnification under the plan and (ii) that independent of the environmental response costs, that the cost of correcting the unusual terrain and soil conditions materially impairs the ability of the owner to develop, sell, or finance all or any significant portion of the district. This finding is in addition to the findings required under Minnesota Statutes, section 469.174, subdivision 19, paragraph (a), clauses (1) and (2), in the case of the district, and the findings required under Minnesota Statutes, section 469.174, subdivision 7, in the case of the subdistrict.*

Subd. 3. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] *(a) The provisions of Minnesota Statutes, section 469.1763, do not apply to the district and a subdistrict created under this section. Revenues derived from tax increments from the district and subdistrict may be spent only on:*

(1) response costs related to the area contained in the district and subdistrict including the activities outside of the subdistrict or the district but within the project, to the extent necessary to prevent contaminants moving to or from the contaminated parcels;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional response costs for contaminated parcels located in the district;

(3) the costs of correcting the unusual terrain or soil deficiencies and the additional costs of installing public improvements directly caused by the deficiencies (except increments derived from reducing original tax capacity under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), may not be used for this purpose); and

(4) administrative expenses and costs permitted under Minnesota Statutes, section 469.176, subdivisions 3 and 4h, including costs of review and approval of development response actions plans by the commissioner of the pollution control agency and litigation expenses of the attorney general, if any.

(b) After sufficient revenues derived from tax increments have been received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs, the district and subdistrict must be decertified. Minnesota Statutes, section 469.176, subdivision 1, paragraphs (e) and (g), apply to the district and subdistrict, except to the extent limited by this section.

Subd. 4. [DEFINITION.] *For purposes of this section, "response" means activity constituting "respond" or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Response costs include activities, including installation of public infrastructure, necessary to respond.*

Subd. 5. [STATE AID REDUCTION.] *(a) The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to the district or a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.*

(b) If the city does not elect to pay for a portion of the cost as provided by paragraph (a), the state aid reductions under Minnesota Statutes, section 273.1399, apply. The qualified captured net tax capacity of the district or subdistrict or both must be calculated under Minnesota Statutes 1992, section 273.1399, subdivision 1, paragraph (a), clause (3) under the "All Other Districts" column.

Sec. 21. [CITY OF HOPKINS; HAZARDOUS SUBSTANCE SUBDISTRICT.]

Subdivision 1. [AUTHORIZATION.] *Pursuant to Minnesota Statutes, section 469.175, subdivision 7, the city of Hopkins or its housing and redevelopment authority may create one or more hazardous substance subdistricts within tax increment financing district No. 2-5, or within any new or existing tax increment financing district encompassing any parcels located within township 117N, range 22W, sections 25 and 26 in the area bounded on the north by CSAH No. 3; on the south by the Hennepin County Regional Railroad Authority right-of-way; on the west by the city of Hopkins/city of Minnetonka boundary; and on the east by the existing parcel occupied by the city of Hopkins Well No. 1 Building. The city or its housing and redevelopment authority may issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of the subdistrict will facilitate environmental remediation and further the objectives of the tax increment financing plan for the district. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 16; and 469.176, subdivisions 1, paragraphs (d) and (g), 4e, 6, and 7, do not apply to the subdistrict.*

Subd. 2. [PRESERVATION OF RIGHTS.] *Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, or the city's right to pursue responsible parties or to secure reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.*

Subd. 3. [QUALIFICATION RULES.] *Before creation of a subdistrict under subdivision 1, the city of Hopkins shall determine that the existence of pollution or contamination of parcels within the subdistrict materially impairs the ability of the owners of the parcels to develop, sell, lease, or finance all or any portion of the parcels. For purposes of determining the original net tax capacity of the subdistrict under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), the requirement that the authority enter into a redevelopment or other agreement or have in place a response action plan before reduction of the original tax capacity does not apply. The amount of the estimated costs of the removal or remedial actions may be based on reasonable estimates prepared for the city.*

In addition, the city shall, following review by the pollution control agency, prepare and adopt a report which delineates the maximum amount of money to be reserved for eligible expenditures.

Subd. 4. [ELIGIBLE EXPENDITURES.] *Revenue derived from tax increments from the subdistrict may be spent only on:*

(1) costs of investigating and remediating the pollution or contamination in the area contained in the subdistrict, including activities outside of the subdistrict to the extent necessary to prevent pollutants or contaminants moving to or from the subdistrict;

(2) deposits to an indemnification fund to be used to indemnify existing or future owners, purchasers, lessees, or mortgagees of any parcel in the subdistrict against environmental liability and costs associated with the investigation and remediation of pollution or contamination in the subdistrict,

or the purchase of environmental insurance relating only to liability or remediation costs for parcels located in the subdistrict;

(3) administrative expenses and costs, including those permitted under Minnesota Statutes, section 469.176, subdivision 4h, and costs of preparation, review, and approval of any response action plan or partial response action plan by the pollution control agency; and

(4) costs of actions, including litigation, to recover investigation and remediation costs incident to the subdistrict from responsible persons.

Subd. 5. [DECERTIFICATION.] *After sufficient revenues derived from tax increments have been received to pay all investigation and remediation costs, deposits to an indemnification fund, insurance premiums, and administrative and other qualifying costs, and in all events not more than 20 years from the date of receipt by the city of the first tax increment from the subdistrict, the subdistrict must be decertified.*

Subd. 6. [REDISTRIBUTION.] *When the city has received sufficient tax increment funds to pay all eligible expenditures, any funds received must be applied by the city in the manner of excess tax increments under Minnesota Statutes, section 469.176, subdivision 2, and the Hennepin county auditor shall increase the original net tax capacity of the parcels in the subdistrict to the original net tax capacity that would prevail had no reduction been made.*

Subd. 7. [DEFINITIONS.] *For purposes of this section, "remediation" means activity constituting removal, remedy, remedial action, or response as those terms are defined in Minnesota Statutes, section 115B.02, including activities to develop and implement a response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.17, subdivision 14, or a partial response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.175. Remediation costs include activities necessary to accomplish remediation, including installation of public infrastructure.*

Subd. 8. [STATE AID REDUCTION.] *The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.*

Sec. 22. [INVER GROVE HEIGHTS.]

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] *Tax increment financing district No. 3-2, established by the city of Inver Grove Heights on April 30, 1992, under Laws 1990, chapter 604, article 7, section 30, subdivision 2, continues in effect until the earlier of (1) May 1, 2004, or (2) when all costs provided for in the tax increment financing plan relating to the district have been paid. In no event may the city receive more than eight years of tax increments for the district and all tax increments received after May 1, 2002, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements.*

Subd. 2. [BOND AUTHORIZATION.] *If the city of Inver Grove Heights, the Minnesota department of transportation, and Dakota county agree to the planning, design, construction, and reconstruction of state, county, and city highway, street, and bridge improvements that serve, among other areas, the area of tax increment financing district No. 3-2, the city council may, by resolution, authorize, sell, and issue general obligation bonds of the city in a principal amount not to exceed $4,000,000 to finance part of the cost of the improvements to be paid for by the state under the agreement. The city shall issue the bonds only if and to the extent it estimates they are necessary to pay costs of the improvements coming due for which state funds are not immediately available but will be received by the city under the agreement. The city shall pledge the state money to the payment of the bonds and after it receives the money shall pay the bonds as soon as practicable. The bonds shall be issued and secured under Minnesota Statutes, chapter 475, except no election is required to authorize their issuance.*

Sec. 23. [CITY OF MANKATO; DURATION OF TAX INCREMENT FINANCING DISTRICT.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the key city redevelopment project tax increment financing district, district AA1, located within the city of Mankato, may be extended by the authority to August 1, 2009. Any increment received during the period of extended duration may only be utilized for payment of or to secure payment of debt service on bonds issued after April 1, 1993, and before January 1, 1994, or bonds issued to refund those bonds.

Sec. 24. [EFFECTIVE DATE.]

Sections 1, 4, 9, 11, 13, 15, and 16 are effective for districts and subdistricts for which requests for certification are made after August 1, 1993.

Section 2 is effective for applications filed after the day of final enactment.

Sections 6, 7, 8, and 10, subdivision 1b, clauses (4) and (5), 12, and 14 are effective for districts for which the request for certification is made after May 31, 1993.

Section 10, except subdivision 1b, clauses (4) and (5), is effective for districts for which the requests for certification were made after July 31, 1979.

Sections 17 and 18 are effective July 1, 1993, and apply to all districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979. Section 18 applies only to modifications of assessment agreements made after August 1, 1993.

Section 19 is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3.

Section 20 is effective upon compliance by the city of Minnetonka with Minnesota Statutes, section 645.021, subdivision 3.

Section 21 is effective upon compliance by the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Section 22 is effective the day following final enactment without the approval of any local government.

Section 23 is effective upon compliance by the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

LOCAL GOVERNMENT EFFICIENCY AND COOPERATION

Section 1. [465.795] [DEFINITIONS.]

Subdivision 1. [AGENCY.] *"Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 3. If no specific agency has jurisdiction over such a law, "agency" refers to the attorney general.*

Subd. 2. [BOARD.] *"Board" means the board of government innovation and cooperation established by section 2.*

Subd. 3. [COUNCIL.] *"Council" or "metropolitan council" means the metropolitan council established by section 473.123.*

Subd. 4. [LOCAL GOVERNMENT UNIT.] *"Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district, except for purposes of sections 465.81 to 465.87.*

Subd. 5. [METROPOLITAN AGENCY.] *"Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.*

Subd. 6. [METROPOLITAN AREA.] *"Metropolitan area" has the meaning given in section 473.121, subdivision 2.*

Subd. 7. [SCOPE.] *As used in sections 1 to 5 and sections 465.80 to 465.87, the terms defined in this section have the meanings given them.*

Sec. 2. [465.796] [BOARD OF GOVERNMENT INNOVATION AND COOPERATION.]

Subdivision 1. [MEMBERSHIP.] *The board of government innovation and cooperation consists of three members of the senate appointed by the subcommittee on committees of the senate committee on rules and administration, three members of the house of representatives appointed by the speaker of the house, two administrative law judges appointed by the chief administrative law judge, the commissioner of finance, the commissioner of administration, and the state auditor. The commissioners of finance and administration and the state auditor may each designate one staff member to serve in the commissioner's or auditor's place. The members of the senate and house of representatives serve as nonvoting members.*

Subd. 2. [DUTIES OF BOARD.] *The board shall:*

(1) accept applications from local government units for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 3, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 4 and determine whether to approve, modify, or reject the application;

(3) accept applications from local government units for financial assistance to enable them to plan for cooperative efforts as provided in section 5, and determine whether to approve, modify, or reject the application;

(4) accept applications from eligible local government units for service-sharing grants as provided in section 465.80, and determine whether to approve, modify, or reject the application;

(5) accept applications from counties, cities, and towns proposing to combine under sections 465.81 to 465.87, and determine whether to approve or disapprove the application; and

(6) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation.

The board may purchase services from the metropolitan council in reviewing requests for waivers and grant applications.

Subd. 3. [STAFF.] *The board may hire staff or consultants as necessary to perform its duties.*

Sec. 3. [465.797] [RULE AND LAW WAIVER REQUESTS.]

Subdivision 1. [GENERALLY.] *(a) Except as provided in paragraph (b), a local government unit may request the board of government innovation and cooperation to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the board, the governing body of the local government unit must approve the waiver or exemption request by resolution at a meeting required to be public under section 471.705.*

(b) A school district that is granted a variance from rules of the state board of education under section 121.11, subdivision 12, need not apply to the board for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the state board of education has authority to grant a variance to the rules under section 121.11, subdivision 12. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. [APPLICATION.] *A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the board. The application must include:*

(1) identification of the service or program at issue;

(2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;

(3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome;

(4) a description of the means by which the attainment of the outcome will be measured; and

(5) if the waiver or exemption is proposed by a single local government unit, a description of the consideration given to intergovernmental cooperation in providing this service, and an explanation of why the local government unit has elected to proceed independently.

A copy of the application must be provided by the requesting local government unit to the exclusive representative of its employees as certified under section 179A.12.

Subd. 3. [REVIEW PROCESS.] *Upon receipt of an application from a local government unit, the board shall review the application. The board shall dismiss or request modification of an application within 60 days of its receipt if it finds that (1) the application does not meet the requirements of subdivision 2, or (2) the application should not be granted because it clearly proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the application is submitted by a local government unit in the metropolitan area or the unit requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the metropolitan council or a metropolitan agency has jurisdiction, the board shall also transmit a copy of the application to the council for review and comment. The council shall report its comments to the board within 60 days of the date the application was transmitted to the council. The council may point out any resources or technical assistance it may be able to provide a local government submitting a request under this section. If it does not dismiss the application, the board shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the board shall transmit a copy of the application to the attorney general. If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over the rule or law, the chief administrative law judge shall appoint a second administrative law judge to serve as a member of the board in the place of that official for purposes of determining whether to grant the waiver or exemption. The agency shall inform the board of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. Interested persons may submit written comments to the board on the waiver or exemption request within 60 days of the board's receipt of the application. If the agency fails to inform the board of its conclusion with respect to the application within 60 days of its receipt, the agency is deemed to have agreed to the waiver or exemption. If the exclusive representative of the employees of the requesting local government unit objects to the waiver or exemption request it may inform the board of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.*

Subd. 4. [HEARING.] *If the agency or the exclusive representative does not agree with the waiver or exemption request, the board shall set a date for a hearing on the application, which may be no earlier than 90 days after the*

date when the application was transmitted to the agency. The hearing must be conducted informally at a meeting of the board. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency shall explain the agency's objection to it. Members of the board may request additional information from either party. The board may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued at a subsequent board meeting. A waiver or exemption must be granted by a vote of a majority of the board members. The board may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. [CONDITIONS OF AGREEMENTS.] *If the board grants a request for a waiver or exemption, the board and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the board will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption, which may be for no less than two years and no more than four years, subject to renewal if both parties agree. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.05, subdivision 4. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The board may require periodic reports from the local government unit, or conduct investigations of the service or program.*

Subd. 6. [ENFORCEMENT.] *If the board finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. Upon the recision, the local unit of government becomes subject to the rules and laws covered by the agreement.*

Subd. 7. [ACCESS TO DATA.] *If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.*

Sec. 4. [465.798] [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, or an organization acting in conjunction with a local unit of government may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the

grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed $50,000.

Sec. 5. [465.799] [COOPERATION PLANNING GRANTS.]

Two or more local government units may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The grant application must include the following information:

(1) the identity of the local government units proposing to enter into the planning process;

(2) a description of the services to be studied and the outcomes sought from the cooperative venture; and

(3) a description of the proposed planning process, including an estimate of its costs, identification of the individuals or entities who will participate in the planning process, and an explanation of the need for a grant to the extent that the cost cannot be paid out of the existing resources of the local government unit.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion. If the board finds that the grantee has failed to implement the plan, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed $50,000.

Sec. 6. Minnesota Statutes 1992, section 465.80, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section establishes a program for grants to ~~cities, counties, and towns~~ *local government units* to enable them to meet the start-up costs of providing shared services or functions.

Sec. 7. Minnesota Statutes 1992, section 465.80, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Any ~~home rule charter or statutory city, county, or town~~ *local government unit* that provides a plan for offering a governmental service under a joint powers agreement with another ~~city, county, or town~~ *local government unit*, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

Sec. 8. Minnesota Statutes 1992, section 465.80, subdivision 4, is amended to read:

Subd. 4. [SUBMISSION OF PLAN TO ~~DEPARTMENT~~ *BOARD.*] The plan must be submitted to the ~~department of trade and economic development~~ *board of government innovation and cooperation. A copy of the plan must also be provided by the requesting local government units to the exclusive representatives of the employees as certified under section 179A.12.* The ~~commissioner of trade and economic development~~ *board* will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The ~~commissioner~~ *board* may request modifications of a plan. If the ~~commissioner~~ *board*

rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

Sec. 9. Minnesota Statutes 1992, section 465.80, subdivision 5, is amended to read:

Subd. 5. [GRANTS.] The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the ~~commissioner~~ *board* shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the ~~commissioner~~ *board* to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

Sec. 10. Minnesota Statutes 1992, section 465.81, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in sections 465.81 to 465.87, the words defined in this subdivision have the meanings given them in this subdivision.

"Board" means the board of government innovation and cooperation.

"City" means home rule charter or statutory cities.

~~"Commissioner" means the commissioner of trade and economic development.~~

~~"Department" means the department of trade and economic development.~~

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

Sec. 11. Minnesota Statutes 1992, section 465.82, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION AND STATE AGENCY REVIEW.] Each governing body that proposes to combine under sections 465.81 to 465.87 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the ~~department of trade and economic development~~ *board of government innovation and cooperation* for review and comment. *For a metropolitan area local government unit, the plan must also be submitted to the metropolitan council for review and comment. The council may point out any resources or technical assistance it may be able to provide a governing body submitting a plan under this subdivision.* Significant modifications and specific resolutions of items must be submitted to the ~~department~~ *board and council, if appropriate,* for review and comment. In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each ~~department~~ *board and council, if appropriate,* review and comment.

Sec. 12. Minnesota Statutes 1992, section 465.83, is amended to read:

465.83 [STATE AGENCY APPROVAL.]

Before scheduling a referendum on the question of combining local government units under section 465.84, the units shall submit the plan adopted under section 465.82 to the ~~commissioner~~ *board. Metropolitan area units shall also submit the plan to the metropolitan council for review and comment.* The ~~commissioner~~ *board* may require any information it deems necessary to evaluate the plan. The ~~commissioner~~ *board* shall disapprove the proposed combination if ~~the commissioner~~ *it* finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete. *If the combination of local government units is approved by the board under this section, the local units are not required to proceed under chapter 414 to accomplish the combination.*

Sec. 13. Minnesota Statutes 1992, section 465.87, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible for aid under this section if the ~~commissioner~~ *board* has approved its plan to cooperate and combine under section 465.83.

Sec. 14. Minnesota Statutes 1992, section 465.87, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL ELIGIBILITY.] *A local government unit is eligible for aid under this section if it has combined with another unit of government in accordance with chapter 414 and a copy of the municipal board's order combining the two units of government is forwarded to the board.*

Sec. 15. [APPROPRIATION.]

$1,200,000 is appropriated from the local government trust fund to the board of government innovation and cooperation for the purpose of making grants under this article, including grants made under Minnesota Statutes, section 465.80, and aid paid under Minnesota Statutes, section 465.87.

ARTICLE 16

TACONITE TAX

Section 1. Minnesota Statutes 1992, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to ~~10.4 cents per taxable ton~~ *that* distributed pursuant to each taconite producer's taxable production *and qualifying sales* under section 298.28, subdivision 9a, ~~for production years 1992 and 1993~~ shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee

shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 2. Minnesota Statutes 1992, 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 124.918, subdivision 8, 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, 1990, and 1991, 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). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ *1989* and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, 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. Each district shall receive the product of:

(i) $175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of $175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve $25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning 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. 3. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ *1989* and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

Sec. 4. Minnesota Statutes 1992, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] *(a)* 10.4 cents per ton for distributions in 1993 and *15.4 cents per ton for distributions in* 1994 shall be paid to the taconite economic development fund. No distribution shall be made under this ~~subdivision~~ *paragraph* in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 1/4 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed $700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed $700,000.

Sec. 5. Minnesota Statutes 1992, section 298.28, subdivision 10, is amended to read:

Subd. 10. [INCREASE.] The amounts determined under subdivisions 6, paragraph (a), and 9 shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. Those amounts shall be increased in 1989, 1990, and 1991 in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991. In 1994, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the

distribution per ton determined for distribution in 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ *1989* and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. Those amounts shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

The distributions per ton determined under subdivisions 5, paragraphs (b) and (d), and 6, paragraphs (b) and (c) for distribution in 1988 and subsequent years shall be the distribution per ton determined for distribution in 1987.

Sec. 6. [EFFECTIVE DATE.]

Section 4 is effective for production years beginning after December 31, 1992.

ARTICLE 17

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 16A.15, subdivision 6, as amended by Laws 1993, chapter 192, section 60, if enacted, is amended to read:

Subd. 6. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] *(a)* A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on June 30, 1993, to $360,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1992, section 16A.1541, as amended by Laws 1993, chapter 192, section 63, if enacted, 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 reserve and cash flow 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~~ *July 1, 1993*, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget reserve and cash flow account to ~~$550,000,000~~ *$500,000,000* and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to ~~27 percent~~ *zero* before money is allocated to the budget reserve and cash flow account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1992, section 97A.061, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. *Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county.* The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

Sec. 4. Minnesota Statutes 1992, section 97A.061, subdivision 3, is amended to read:

Subd. 3. [GOOSE MANAGEMENT CROPLANDS.] (a) The commissioner shall make a payment on July 1 of each year from the game and fish fund, to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. The county treasurer shall allocate *and distribute* the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Sec. 5. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2, for the support of families and dependent relatives of the respective inmates, for the payment of court-ordered restitution, contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages, for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct, and for the discharge of any legal obligations arising out of litigation under this subdivision. *The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was ordered by the court as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner.* An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 6. Minnesota Statutes 1992, section 270.07, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL POWERS OF COMMISSIONER.] Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) cancel any amounts below these minimum standards determined under (a) and (b) hereof, and

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. The program authorized under this paragraph terminates June 30, ~~1993~~ *1998*.

Sec. 7. Minnesota Statutes 1992, section 270.66, is amended by adding a subdivision to read:

Subd. 4. [POLITICAL SUBDIVISION DEBTS.] *(a) As used in this subdivision, "political subdivision" means counties and home rule charter or statutory cities, and "debts" means a legal obligation to pay a fixed amount of money, which equals or exceeds $100 and which is due and payable to the claimant political subdivision.*

(b) If one political subdivision owes a debt to another political subdivision, and the debt has not been paid within six months of the date when payment was due, the creditor political subdivision may notify the commissioner of revenue of the debt, and shall provide the commissioner with information sufficient to verify the claim. If the commissioner has reason to believe that the claim is valid, and the debt has not been paid, the commissioner shall initiate setoff procedures under this subdivision.

(c) Within ten days of receipt of the notification from the creditor political subdivision, the commissioner shall send a written notice to the debtor political subdivision, advising it of the nature and amount of the claim. This written notice shall advise the debtor of the creditor political subdivision's intention to request setoff of the refund against the debt.

The notice will also advise the debtor that the debt can be setoff against a state aid payment, 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 commissioner of revenue, which request the commissioner must receive within 45 days of the mailing date of the notice.

(d) If the commissioner receives written notice of a debtor political subdivision's intention to contest at hearing the claim upon which the intended setoff is based, the commissioner shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The costs of the hearing shall be paid equally by the political subdivisions that are parties to the hearing. The office of administrative hearings shall separately bill each political subdivision for one-half of the costs.

(e) If the debtor political subdivision does not object to the claim, or does not prevail in an objection to the claim or at a hearing on the claim, the commissioner of revenue shall deduct the amount of the debt from the next payment scheduled to be made to the debtor under section 273.1398 or chapter 477A. The commissioner shall remit the amount deducted to the claimant political subdivision.

Sec. 8. Minnesota Statutes 1992, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 9. Minnesota Statutes 1992, section 270A.10, is amended to read:

270A.10 [PRIORITY OF CLAIMS.]

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for setoff, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to debts for child support based on the order in time in which the commissioner received the debts. Thirdly, *the refund shall be applied to payment of restitution obligations. Fourthly,* the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 10. Minnesota Statutes 1992, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A *(except taxes imposed under sections*

298.01, 298.015, and 298.24), 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 11. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary,~~ The departments of labor and industry and revenue may exchange information ~~on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent.~~ *as follows:*

(1) data used in determining whether a business is an employer or a contracting agent;

(2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and

(3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 12. Minnesota Statutes 1992, section 319A.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] *(a)* A professional corporation may issue its stock only to and admit as a member only natural persons licensed to render a kind of professional service which the corporation is authorized to render or partnerships or professional corporations rendering the same kind of professional service. A person, partnership or professional corporation who becomes a shareholder or member of any such corporation may transfer its shares of stock or its membership only to a natural person, partnership or professional corporation to whom the corporation could have issued the shares of stock or membership. No proxy to vote any share in a professional corporation or membership may be given to a person who is not so licensed, nor may any voting trust be established with respect to the shares of the professional corporation unless all the voting trustees are natural persons so licensed.

(b) Notwithstanding paragraph (a), a professional corporation may issue its stock under this section to an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, if

(1) the voting trustees of the plan are natural persons licensed to render a kind of professional service which the corporation is authorized to render, and

(2) the shares are not directly issued to a person or entity not licensed to render a kind of advice which the corporation is authorized to render.

Sec. 13. Minnesota Statutes 1992, section 325D.33, is amended by adding a subdivision to read:

Subd. 8. [PENALTIES.] *(a) A retailer who sells cigarettes for less than a legal retail price may be assessed a penalty in the full amount of three times the difference between the actual selling price and a legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.*

(b) A wholesaler who sells cigarettes for less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual selling price and the legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(c) A retailer who engages in a plan, scheme, or device with a wholesaler to purchase cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price under sections 325D.30 to 325D.42. A retailer that coerces or requires a wholesaler to sell cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price. These penalties may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalties shall bear interest at the rate prescribed by section 270.75, subdivision 5.

For purposes of this subdivision, a retailer is presumed to know that a purchase price is less than a legal price if any of the following have been done:

(1) the commissioner has published the legal price in the Minnesota State Register;

(2) the commissioner has provided written notice to the retailer of the legal price;

(3) the commissioner has provided written notice to the retailer that the retailer is purchasing cigarettes for less than a legal price;

(4) the commissioner has issued a written order to the retailer to cease and desist from purchases of cigarettes for less than a legal price; or

(5) there is evidence that the retailer has knowledge of, or has participated in, efforts to disguise or misrepresent the actual purchase price as equal to or more than a legal price, when it is actually less than a legal price.

In any proceeding arising under this subdivision, the commissioner shall have the burden of providing by a reasonable preponderance of the evidence that the facts necessary to establish the presumption set forth in this section exist, or that the retailer had knowledge that a purchase price was less than the legal price.

(d) The commissioner may not assess penalties against any wholesaler, retailer, or combination of wholesaler and retailer, which are greater than three times the difference between the actual price and the legal price under sections 325D.30 to 325D.42.

Sec. 14. Minnesota Statutes 1992, section 325D.37, subdivision 3, is amended to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall ~~contact~~ *notify* the commissioner ~~to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10~~ *in writing that it intends to meet a competitor's legal price. A*

wholesaler filing the notice shall be allowed to meet the competitor's price unless within seven days of receipt of the notice, the commissioner informs the wholesaler that the competitor's price is an illegal price.

Sec. 15. [325D.371] [PUBLICATION OF CIGARETTE PRICES.]

The commissioner shall publish in the State Register the presumed legal prices of all cigarettes as calculated pursuant to section 325D.32, subdivision 10. The prices must be published within one month of each recomputation, but not less than once each year.

Sec. 16. [383A.62] [ELECTIONS DEPARTMENT MERGER.]

The city of St. Paul and Ramsey county may, by agreement subject to this section, provide for the merger of the city elections office with the county election office. The consolidation shall be set to begin at the beginning of a fiscal year. In the preceding fiscal year and each year thereafter the county shall provide a budget and levy a property tax for the merged office that will defray the costs of the services provided throughout the county by the merged office. The county shall succeed to the obligations of the city under any collective bargaining agreements in existence at the time of the merger. Nothing in this section or in an agreement for merger under this section shall diminish any rights defined in collective bargaining agreements. The merger must not occur until bargaining units representing affected employees have completed negotiations on post-merger terms and conditions of employment. The county shall succeed to the other obligations and to the real and personal property of the merged city offices.

Sec. 17. Minnesota Statutes 1992, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, including curbs, gutters, and storm sewers, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure nor may the county allocate any cost under this section for property within the city unless the city council adopts the resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council.

Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless 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 such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the total amount of the proposed assessment, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must ~~include~~ *state in clear language* the following information:

(1) the amount to be specially assessed against that particular lot, piece, or parcel of land;

(2) *adoption by the council of the proposed assessment may be taken at the hearing;*

(3) the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;

~~(3)~~ *(4)* whether partial prepayment of the assessment has been authorized by ordinance;

~~(4)~~ *(5)* the time within which prepayment may be made without the assessment of interest; and

~~(5)~~ *(6)* the rate of interest to be accrued if the assessment is not prepaid within the required time period.

Sec. 18. Minnesota Statutes 1992, section 469.169, is amended by adding a subdivision to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] *In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate $1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and $300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply*

to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994.

Sec. 19. [473.334] [SPECIAL ASSESSMENT; AGREEMENT.]

Subdivision 1. [GENERALLY.] *In determining the special benefit received by regional recreation open space system property as defined in sections 473.301 to 473.351 from an improvement for which a special assessment is determined, the governing body shall not consider any use of the property other than as regional recreation open space property at the time the special assessment is determined. The metropolitan council shall not be bound by the determination of the governing body of the city but may pay a lesser amount, as agreed upon by the metropolitan council and the governing body of the city, as they determine is the measure of benefit to the land from the improvement.*

Subd. 2. [EXCEPTION.] *This section does not apply to Otter-Bald Eagle lake regional park property in the town of White Bear, Ramsey county, which shall continue to be governed by section 435.19.*

Sec. 20. Minnesota Statutes 1992, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than $5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, *within 30 days of receipt of the payment to the county, the county treasurer shall pay* each organized township ~~shall receive~~ 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds $35,000, the excess shall be used to provide property tax levy reduction.

Sec. 21. [UNEMPLOYMENT TAX ADMINISTRATION; STUDY.]

The commissioner of revenue and the commissioner of jobs and training shall study the feasibility of transferring the responsibility for collection of unemployment taxes from the department of jobs and training to the

department of revenue. The commissioners must present their report to the legislature by February 1, 1994.

Sec. 22. [ST. PAUL; SPECIAL ASSESSMENTS.]

Subdivision 1. [POWERS.] *The city of St. Paul may by ordinance choose to exercise the powers provided by this section in place of those provided by Minnesota Statutes, section 429.101, subdivision 1, but in accordance with the provisions of Minnesota Statutes, section 429.101, subdivisions 2 and 3. In addition to any method authorized by law or charter, the city may provide for the collection of unpaid special charges for all or any part of the following costs:*

(1) snow, ice, rubbish, or litter removal from public parking facilities;

(2) the operation, including maintenance and repair, of lighting systems for public parking facilities; or

(3) the operation, including maintenance and repair, of public parking facilities.

Subd. 2. [SPECIAL ASSESSMENTS.] *The costs listed in subdivision 1 may be collected as a special assessment against the property benefited.*

Subd. 3. [REGULATIONS.] *The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for collection of actual or estimated charges from the property owner or other person served before the unpaid charges are made a special assessment.*

Subd. 4. [ADJUSTMENT.] *If estimated charges are collected and, based upon subsequent actual costs, found to be excessive or deficient, subsequent charges shall be reduced by the excess or increased by the deficiency.*

Sec. 23. [ST. PAUL HOUSING LOAN AND GRANT PROGRAM.]

Subdivision 1. [HOUSING REHABILITATION LOAN PROGRAM.] *The city of Saint Paul may develop and administer a housing rehabilitation loan program with respect to residential property located anywhere within its boundaries on the terms and conditions as it determines. In approving applications for the program, the following factors must be considered:*

(1) the availability of other governmental programs affordable by the applicant;

(2) the availability and affordability of private market financing;

(3) whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) whether the housing is required, pursuant to a court order issued under Minnesota Statutes, section 566.25, clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and

(6) whether rehabilitation of the housing will maintain or improve the value

of the housing and will help to stabilize the neighborhood in which the housing is located.

All loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes, building codes, and health and safety codes, and to make other necessary improvements.

Subd. 2. [NEW RESIDENTIAL DWELLING UNITS.] *A housing rehabilitation loan program undertaken under subdivision 1 may also provide for the city to make or purchase loans made to finance the acquisition of single-family residences and multifamily housing projects that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this subdivision, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual, partnership, or other entity under a development agreement in which the developer has agreed to construct single-family housing or one or more multifamily housing projects on the land. In approving applications for a loan to be made under this subdivision, the following factors shall be considered:*

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of the housing enhances the stability of the neighborhood in which it is located.

Subd. 3. [HOUSING REHABILITATION GRANT PROGRAM.] *The city of St. Paul may develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on the terms and conditions as it determines. In approving applications for grants used under this program, all of the considerations and limitations enumerated in subdivision 2 for loans must be considered and the following factors must also be considered:*

(1) whether the housing unit is a single-family dwelling, homesteaded unit, or multifamily housing project; and

(2) whether the applicant is a person of low income.

The city council shall by ordinance set forth the regulations for its grant program. The dollar value of grants made shall not exceed five percent of the total value of the bonds issued for both the loan and the grant programs. All grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes, building codes, and health and safety codes or to make other necessary improvements.

Subd. 4. [ISSUANCE OF BONDS.] *To finance the programs authorized by this section, the governing body of the city of Saint Paul may, by resolution, authorize, issue, and sell general obligation bonds of the city of Saint Paul, with or without an election, and otherwise in accordance with the provisions of chapter 475. The total amount of all bonds outstanding at any time for the program authorized by this section shall not exceed $25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.*

Subd. 5. [AUTHORITY MAY UNDERTAKE PROGRAM; AUTHORITY GENERAL OBLIGATION REVENUE BONDS.] *The Saint Paul housing and redevelopment authority may exercise the powers of the city under this*

section, except that the regulations required by subdivision 3 must be enacted by an ordinance of the city. To finance the programs authorized by this section, the authority may issue bonds and pledge the full faith and credit and taxing power of the city as additional security for bonds payable from the income or revenues of a program or from the income or revenues of specific projects undertaken pursuant to a program, in the manner authorized by Minnesota Statutes, section 469.034, subdivision 2, except that the program may consist of a program of loans or grants for single-family housing or multifamily housing projects, and except that in lieu of the limit stated in section 469.034, subdivision 2, the maximum amount of bonds that may be outstanding at any time under this subdivision, together with the principal amount of bonds outstanding at any time under subdivision 4, shall not exceed the amount stated in subdivision 4. Each residential dwelling unit must be purchased or occupied by the elderly, or a person or family with income not greater than 175 percent of the median family income for the Minneapolis-Saint Paul metropolitan statistical area as estimated by the United States Department of Housing and Urban Development.

Subd. 6. [POWERS SUPPLEMENTAL; OWNERSHIP.] *The powers granted by this subdivision supplement the powers granted to the city or authority by any other general or special law. Notwithstanding any contrary provision of any general or special law, single-family residences or multifamily housing projects financed by the city or authority pursuant to this subdivision may be owned by the city or authority or by a private person or entity. Except for properties that are part of a lease purchase program, the city or authority shall not own projects financed under this section for more than two years.*

Sec. 24. [GOODHUE COUNTY; COUNTY REDEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] *The Goodhue county board may, by adopting a written enabling resolution, establish a county redevelopment authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102; powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151; and powers of a housing and redevelopment authority under Minnesota Statutes, chapter 462.*

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] *If the Goodhue county redevelopment authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, including a tax levy to support the activities of the authority. The authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.*

Subd. 3. [LIMIT OF POWERS.] *(a) The enabling resolution may impose the following limits on the actions of the authority:*

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time by the written resolution of the county board. All modifications to the enabling resolution must be by written resolution.

(c) Before the authority begins a project, the governing body of the municipality in which the project is to be located or the Goodhue county board, if the project is outside municipal corporate limits, must approve the project by majority vote as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] *(a) The authority consists of a board of seven directors. The directors shall be appointed by the Goodhue county board. Each director shall be appointed to serve for three years or until a successor is appointed. No director may serve more than two consecutive terms. The appointment of directors must reflect representation of the entire county. The other two directors must be representatives of various county-based economic development organizations.*

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term. A vacancy occurs if a director no longer resides in the county. A director may be removed by the county board for inefficiency, neglect of duty, or misconduct in office.

(c) The county administrator or the designee of the county administrator shall be the executive secretary of the county redevelopment authority.

(d) The directors shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties.

Sec. 25. [STATE ADVISORY COUNCIL.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] *A state advisory council on metropolitan governance is established to provide a forum at the state level for education, discussion, identification of emerging regional needs and appropriate responses, and advice to the legislature on the present and future role of the metropolitan council, metropolitan agencies, and the local governmental units as defined in Minnesota Statutes, section 473.121. The creation of the advisory council shall not affect any otherwise existing reporting relationships of the council, metropolitan agencies, or the local governmental units to the legislature.*

Subd. 2. [AUTHORITY; DUTIES.] *(a) The advisory council shall review and comment to the legislature on the duties and responsibilities of the council, metropolitan agencies, and the local governmental units.*

(b) The advisory council may gather information, conduct research and analysis, and advise the legislature on matters related to the council's charge.

(c) The advisory council may conduct public hearings to inform the public and solicit opinion.

(d) The advisory council shall consult with local governmental units in making its recommendations.

Subd. 3. [MEMBERSHIP.] *The advisory council shall consist of 15 members who serve at the pleasure of the appointing authority as follows:*

(1) six legislators; three members of the senate appointed by the subcommittee on committees of the committee on rules and administration; and three members of the house of representatives appointed by the speaker; and

(2) nine public members who are residents of the metropolitan area; two appointed by the subcommittee on committees of the committee on rules and administration of the senate and two appointed by the speaker of the house of representatives; and five appointed by the governor.

Subd. 4. [CHAIRS.] *The legislative appointing authorities shall each designate a legislative appointee to serve as co-chair of the advisory council.*

Subd. 5. [ADMINISTRATION.] *Legislative staff, the metropolitan council, and metropolitan agencies shall provide administrative and staff assistance when requested by the advisory council.*

Subd. 6. [EXPENSES.] *The metropolitan council shall compensate the members of the advisory council. Public members are to be compensated in an amount provided by Minnesota Statutes, section 15.059, subdivision 3. Members of the legislature are to be paid per diem and expenses in an amount provided by Minnesota Statutes, section 3.099. The council shall adopt a budget of estimated expenses at its first meeting and provide a copy to the metropolitan council.*

Subd. 7. [APPLICATION.] *This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

Sec. 26. [APPROPRIATION.]

$301,000 is appropriated for fiscal year 1994 and $119,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of revenue for the purpose of meeting the cost to the department of revenue of administering the provisions of this act.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 325D.33, subdivision 7, is repealed.

Sec. 28. [EFFECTIVE DATE.]

Section 1 is effective June 30, 1993.

Sections 3, 4, and 20 are effective for payments received by the county after June 30, 1993.

Section 7 is effective for debts incurred after July 31, 1993.

Section 8 is effective for property tax refunds paid after December 31, 1992.

Section 10 is effective retroactively to April 25, 1992.

Section 13, paragraphs (a), (b), and (d), are effective the day following final enactment. Section 13, paragraph (c), is effective May 29, 1987, except that in any proceeding under paragraph (c) that arises out of purchases that

occurred prior to August 1, 1993, the penalties shall not exceed the difference between the actual purchase price and the legal price.

Sections 14 and 15 are effective August 1, 1993.

Sections 16, 22, 23, and 24 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Section 25 is effective the day following final enactment and is repealed June 30, 1994.

Section 27 is effective May 29, 1987."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying property tax provisions relating to procedures, valuation, levies, classifications, exemptions, notices, hearings, and assessors; adjusting formulas of state aids to local governments; providing for the establishment and operation of special service districts; authorizing establishment of an ambulance district; modifying definitions in the property tax refund law and providing a source of funding for the refunds; authorizing and changing requirements for special assessments; modifying provisions governing the establishment and operation of tax increment financing districts; establishing a process by which local governments may obtain waivers of state rules and laws establishing procedures; establishing a board of government innovation and cooperation and authorizing it to provide grants to encourage cooperation and innovation by local governments; authorizing imposition of local taxes; imposing a sports bookmaking tax; changing certain bonding and local government finance provisions; enacting provisions relating to certain cities, counties, and special taxing districts; imposing a tax on contaminated property and providing for use of the proceeds; conforming with changes in the federal income tax law; clarifying an income tax apportionment formula; modifying taconite production tax provisions, and increasing the distribution of the proceeds to the taconite economic development fund; modifying the availability of tax incentives and preferences; providing additional allocations to border city enterprise zones; providing for a budget reserve and cash flow account transfer; revising penalty, notification, and publication provisions of the unfair cigarette sales act; defining terms and changing definitions; establishing advisory councils; requiring reports and studies; classifying data; making technical corrections, clarifications, and administrative changes to various taxes and to tax administration and enforcement; changing and imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 16A.712; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15, subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 82.19, by adding a subdivision; 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2; 115B.22, subdivision 7; 134.001, by adding a subdivision; 134.35, subdivision 1; 134.351, subdivision 4; 204D.19, by adding a subdivision; 205.10, by adding a subdivision; 205A.05, subdivision 1; 239.785; 243.23, subdivision 3; 256E.06, subdivi-

sion 12; 270.06; 270.07, subdivision 3; 270.071, subdivision 2; 270.072, subdivision 2; 270.41; 270.66, by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 271.06, subdivision 1; 271.09, subdivision 3; 272.01, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.115, subdivisions 1 and 4; 272.12; 273.03, subdivision 2; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 5, 6a, 13, and by adding subdivisions; 273.112, subdivision 3, and by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.1318, subdivision 1; 273.135, subdivision 2; 273.138, subdivision 5; 273.1398, subdivisions 1, 2, 3, 5b, and by adding a subdivision; 273.1399, subdivision 1; 273.33, subdivision 2; 274.13, subdivision 1; 274.18; 275.065, subdivisions 3, 5a, 6, and by adding a subdivision; 275.07, subdivisions 1, 4, and by adding a subdivision; 275.28, subdivision 3; 275.295; 276.02; 276.04, subdivision 2; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 279.025; 279.37, subdivision 1a; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1, and by adding a subdivision; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivisions 2 and 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, 6, and 7; 289A.36, subdivisions 3 and 7; 289A.40, by adding a subdivision; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 289A.63, subdivision 3; 290.01, subdivisions 7, 19, 19a, and 19c; 290.0671, subdivision 1; 290.091, subdivisions 2 and 6; 290.0921, subdivision 3; 290.191, subdivision 4; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivisions 1, 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding subdivisions; 296.02, subdivision 8; 296.14, subdivisions 1 and 2; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 3, 6, 13, 15, and 16; 297A.04; 297A.06; 297A.07, subdivision 1; 297A.11; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297B.01, subdivision 5; 297B.03; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.227; 298.27; 298.28, subdivisions 4, 7, 9a, and 10; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 325D.33, by adding a subdivision; 325D.37, subdivision 3; 347.10; 348.04; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1, and by adding a subdivision; 465.80, subdivisions 1, 2, 4, and 5; 465.81, subdivision 2; 465.82, subdivision 1; 465.83; 465.87, subdivision 1, and by adding a subdivision; 469.012, subdivision 1; 469.040, subdivision 3; 469.169, by adding a subdivision; 469.174, subdivisions 19, 20, and by adding a subdivision; 469.175, subdivisions 1, 5, and by adding subdivisions; 469.176, subdivisions 1, 4, 4c, 4e, and 4g; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.446, subdivision 8; 473.711, subdivision 5; 473.843, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, subdivision 1, and by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section

1; Laws 1971, chapters 373, sections 1 and 2; and 455, section 1; and Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 17; 116J; 134; 270; 272; 273; 289A; 296; 297; 297A; 325D; 349; 383A; 465; 469; and 473; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 115B.24, subdivision 10; 272.115, subdivision 1a; 273.124, subdivision 16; 273.1398, subdivision 5; 273.49; 274.19; 274.20; 275.03; 275.07, subdivision 3; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; 325D.33, subdivision 7; 348.03; 383C.78; 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3."

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

House Conferees: (Signed) Ted Winter, Ann H. Rest, Dee Long, Irv Anderson, Tom Osthoff

Senate Conferees: (Signed) Sandra L. Pappas, Douglas J. Johnson, Ember D. Reichgott, Carol Flynn, William V. Belanger, Jr.

Ms. Pappas moved that the foregoing recommendations and Conference Committee Report on H.F. No. 427 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. 427 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Morse	Robertson
Anderson	Flynn	Kroening	Murphy	Runbeck
Beckman	Frederickson	Laidig	Novak	Sams
Belanger	Hanson	Langseth	Oliver	Samuelson
Benson, J.E.	Hottinger	Larson	Olson	Solon
Berg	Janezich	Lesewski	Pappas	Spear
Berglin	Johnson, D.E.	Lessard	Pariseau	Stumpf
Bertram	Johnson, D.J.	Luther	Piper	Terwilliger
Betzold	Johnson, J.B.	Marty	Pogemiller	Vickerman
Chmielewski	Johnston	McGowan	Price	Wiener
Cohen	Kelly	Metzen	Ranum	
Day	Kiscaden	Moe, R.D.	Reichgott	
Dille	Knutson	Mondale	Riveness	

Those who voted in the negative were:

Benson, D.D.	Chandler	Merriam	Neuville	Stevens

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. 1094:

H.F. No. 1094: A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Stanius, Reding, Bertram, Osthoff and Farrell have been appointed as such committee on the part of the House.

House File No. 1094 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 May 17, 1993

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1094, 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. 1529, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1529 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1529

A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1529, 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. 1529 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [REORGANIZATION; GOALS.]

The legislature finds that it is desirable to reorganize state services relating to the protection of the environment, protection of farmland, and the management of natural resources to achieve the following goals:

(1) progressively less air, land, and water pollution;

(2) sustainable development throughout all regions of the state and all sectors of the economy;

(3) improved delivery of services;

(4) a preventive approach to environmental degradation;

(5) citizen participation in all relevant decision-making processes and at meaningful points in the processes; and

(6) regular reevaluation and reformulation of how governmental functions and services are performed.

Sec. 2. [REORGANIZATION; OUTCOMES.]

Any reorganization must achieve the following outcomes:

(1) an ecosystem-based, integrated service delivery system;

(2) extension of the polluter-pays principle through the use of regulatory controls and financial mechanisms;

(3) the ability to identify and address existing and emerging environmental issues of state, national, and international import;

(4) increased citizen access to pertinent, understandable information relating to environmental protection, farmland protection, and natural resources management;

(5) better citizen representation, access, and information through an office of public information and advocacy;

(6) the elimination of multiple access points to receive the same or related services;

(7) the flexibility to enable state and local governments to coordinate and cooperate;

(8) the identification of revenue sources adequate to implement the reorganization, including providing for staff development;

(9) flattening of the internal organization of the delivery system with processes designed to encourage cooperation, consensus, and participation of management and workers;

(10) decentralization of the service-delivery system where appropriate;

(11) a structure that recognizes legitimate conflicts of interest and provides for their resolution; and

(12) a reassessment of the state's energy and transportation policies as they affect the environment and natural resources.

Sec. 3. [TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] *Immediately after the effective date of this section, the governor shall convene a task force consisting of four facilitators and four groups:*

(1) a group consisting of 10 to 15 persons from agencies listed in section 6 who are members of the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, appointed by the governor;

(2) a group consisting of employees from agencies listed in section 6 who are represented by exclusive representatives, selected by the exclusive representatives of employees of those agencies;

(3) a group consisting of 15 persons representing local and regional governmental units, including cities, counties, metropolitan and regional agencies, soil and water conservation districts, watershed districts, and watershed management organizations, appointed in equal numbers by the governor, the majority leader of the senate, and the speaker of the house; and

(4) a group consisting of not more than 20 persons jointly appointed by the speaker of the house of representatives and the majority leader of the senate, including:

(i) representatives of rural agricultural interests, environmental and conservation organizations, sportsmen's groups, and business;

(ii) a representative of an institution of higher education with expertise in natural sciences;

(iii) a representative of an institution of higher education with expertise in agriculture;

(iv) an attorney experienced in environmental law; and

(v) a member of the environmental consulting community.

The groups described in clauses (1) and (2) must include managers and classified employees from work stations outside the metropolitan area described in Minnesota Statutes, section 473.121, subdivision 2. Organiza-

tions, occupations, and industries described in clause (4) may submit the names of persons they wish considered for appointment to the task force under that clause.

The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for each group.

Subd. 2. [ACTIVITIES.] *(a) Members of the task force established by subdivision 1 shall serve as partners in changing the delivery of state services and the performance of state functions. Each group of the task force shall initially meet separately to develop its own recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. A facilitator shall assist each group. The facilitators shall meet periodically with the legislative commission established in section 4. At the meetings, the facilitators shall update the members of the commission on the progress of the groups' discussions and emerging proposals. Each group must complete its recommendations by October 1, 1993.*

(b) By September 1, 1993, each group shall select from its membership representatives to a committee, as follows:

(1) two representatives from the group established by subdivision 1, clause (1);

(2) three representatives from the group established by subdivision 1, clause (2);

(3) two representatives from the group established by subdivision 1, clause (3); and

(4) five representatives from the group established by subdivision 1, clause (4), who must be private citizens.

(c) The task force committee shall begin meeting as soon as practicable after October 1, 1993, and shall develop recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The commissioner of administration may provide staff support to the committee upon its request.

(d) The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for the committee. The facilitator shall chair meetings of the committee and serve as a nonvoting member. The facilitator shall periodically update the members of the legislative commission created in section 4 on the progress of the committee's discussions and emerging proposals.

(e) The committee shall submit its recommendations for reorganization to the legislative commission created in section 4 by December 31, 1993.

Sec. 4. [LEGISLATIVE COMMISSION.]

Subdivision 1. [CREATION; MEMBERSHIP.] *The legislative commission on administrative environmental structure is created to recommend to the legislature proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The*

commission consists of ten members, five appointed by the speaker of the house of representatives and five appointed by the rules and administration subcommittee on committees of the senate. At least two members from each chamber must be members of the minority party in that chamber. The house and senate members of the commission shall elect one member from their respective chambers to serve as cochairs of the commission who shall alternately preside over hearings, unless they agree otherwise.

Subd. 2. [DUTIES.] *(a) The commission shall perform its duties in accordance with the environmental policy codified in Minnesota Statutes, section 116D.02, subdivision 1, the responsibility of state government in relation to that policy codified in Minnesota Statutes, section 116D.02, subdivision 2, and the actions required of state agencies under Minnesota Statutes, section 116D.03. The commission shall examine recent analyses, critiques, studies, and recommendations related to the administrative structure of state environmental and natural resource services system including the commission on reform and efficiency study and recommendations relating to Minnesota's environmental services system, structures in other states, and proposals made by the governor, members of the legislature, state agencies, and other groups.*

(b) As soon as possible after receipt of the proposal recommended by the task force under section 3, the commission shall distribute the proposal to all interested persons and shall hold hearings designed to gather responses to the proposal from all perspectives. Hearings must be held in convenient locations and at convenient times to maximize the ability of the public to participate in the hearings. Hearings must be held in at least two locations outside the seven-county metropolitan area.

(c) The commission shall issue a final proposal for legislation by February 22, 1994, for consideration by the legislature during the 1994 legislative session. The commission shall seek to achieve a structure that, in addition to furthering the goals and outcomes in sections 1 and 2, promotes and maintains a system that meets the needs of the present without compromising the ability of future generations to meet their own needs and that incorporates a process for change in which the use of natural and other resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs.

(d) The commission is abolished effective May 1, 1994.

Sec. 5. [EMPLOYEE PARTICIPATION COMMITTEE.]

(a) Before a restructuring of executive branch agencies, a committee including representatives of employees and employers within each affected agency must be established and be given adequate time to perform the functions prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members representing bargaining units.

(b) A committee established under paragraph (a) shall:

(1) identify tasks related to agency reorganization and adopt plans for addressing those tasks;

(2) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;

(3) adopt detailed plans for providing retraining for affected employees; and

(4) guide the implementation of the reorganization.

Sec. 6. [EXAMINATION OF AGENCIES' MISSIONS, POWERS, AND DUTIES.]

Subdivision 1. [AGENCIES.] *The task force established in section 3 and the commission established in section 4 shall examine the missions, powers, and duties of the department of natural resources, the board of water and soil resources, the office of waste management, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response compensation board.*

Subd. 2. [POWERS AND DUTIES.] *(a) The task force and the commission shall examine the following powers and duties of the department of agriculture:*

(1) regulation of fertilizers, soil amendments, agricultural liming, and plant amendments under Minnesota Statutes, chapter 18C;

(2) pesticide control under Minnesota Statutes, chapter 18B;

(3) agriculture chemical incident response and cleanup under Minnesota Statutes, chapter 18D;

(4) chemical incident reimbursement under Minnesota Statutes, chapter 18E;

(5) urban forest promotion under Minnesota Statutes, section 17.86;

(6) mosquito abatement under Minnesota Statutes, sections 18.041 to 18.161;

(7) groundwater protection under Minnesota Statutes, chapter 103H;

(8) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(9) conservation of wildflowers under Minnesota Statutes, section 17.23.

(b) The task force and the commission shall examine the following powers and duties of the department of health:

(1) the water well program under Minnesota Statutes, chapter 103I;

(2) the safe drinking water program under Minnesota Statutes, sections 144.381 to 144.387;

(3) health risk assessment under Minnesota Statutes, section 115B.17, subdivision 10;

(4) domestic water supply protection under Minnesota Statutes, sections 144.35 to 144.37;

(5) asbestos contractor licensing under Minnesota Statutes, sections 326.70 to 326.81;

(6) public health laboratory regulation under Minnesota Statutes, section 144.98;

(7) lead abatement under Minnesota Statutes, sections 144.871 to 144.879;

(8) hazardous substance exposure under Minnesota Statutes, section 145.94;

(9) mosquito research under Minnesota Statutes, section 144.95;

(10) water supply monitoring and health assessments under Minnesota Statutes, section 473.845, subdivision 2; and

(11) health risk limits under Minnesota Statutes, section 103H.201.

(c) The task force and the commission shall examine the following powers and duties of the department of trade and economic development:

(1) energy loans under Minnesota Statutes, sections 216C.36 and 216C.37;

(2) outdoor recreation grants under Minnesota Statutes, section 116J.406;

(3) environmental permit coordination under Minnesota Statutes, sections 116C.22 to 116C.34; and

(4) the public facilities authority under Minnesota Statutes, chapter 446A.

(d) The task force and the commission shall examine the following powers and duties of the department of public service: energy conservation under Minnesota Statutes, sections 216C.01 to 216C.35 and 216C.373 to 216C.381.

(e) The task force and the commission shall examine the following powers and duties of the department of transportation:

(1) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(2) hazardous waste shipment and licensing under Minnesota Statutes, sections 221.033 to 221.036 and 221.172.

(f) The task force and the commission shall examine the powers and duties of the metropolitan council relating to metropolitan solid and hazardous waste under Minnesota Statutes, sections 473.801 to 473.849, and mosquito control under Minnesota Statutes, sections 473.701 to 473.716.

Sec. 7. [BUDGET FOR NEXT BIENNIUM.]

In preparing a proposed budget for the biennium beginning July 1, 1995, the governor shall include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget may not require the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. The governor's budget must be in conformance with any reorganization plan enacted by the legislature in 1994 in response to the recommendation submitted by the legislative commission under section 4. If

no reorganization plan is enacted in 1994, the governor's budget must take into account the reorganization recommendations of the task force committee under section 3, as well as any additional or alternative recommendations of the governor.

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; establishing a task force and a legislative commission to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring."

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

House Conferees: (Signed) Alice Hausman, Willard Munger, Jean Wagenius

Senate Conferees: (Signed) Lawrence J. Pogemiller, LeRoy A. Stumpf, Steven Morse

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1529 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. 1529 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 11, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Morse	Riveness
Anderson	Dille	Kroening	Murphy	Runbeck
Beckman	Finn	Laidig	Neuville	Sams
Belanger	Flynn	Langseth	Oliver	Solon
Benson, D.D.	Hottinger	Larson	Olson	Spear
Benson, J.E.	Janezich	Lesewski	Pappas	Stevens
Berg	Johnson, D.E.	Lessard	Piper	Stumpf
Berglin	Johnson, D.J.	Luther	Pogemiller	Terwilliger
Bertram	Johnson, J.B.	Marty	Price	Vickerman
Betzold	Kelly	Moe, R.D.	Ranum	Wiener
Cohen	Knutson	Mondale	Reichgott	

Those who voted in the negative were:

Chandler	Johnston	Merriam	Novak	Robertson
Chmielewski	Kiscaden	Metzen	Pariseau	Samuelson
Frederickson				

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. 636: A bill for an act relating to pollution control; requiring a study of the feasibility of including the city of Red Wing in the state financial assistance program for combined sewer overflow.

Senate File No. 636 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

CONCURRENCE AND REPASSAGE

Mr. Murphy moved that the Senate concur in the amendments by the House to S.F. No. 636 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 636 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 26, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Lessard	Novak
Anderson	Day	Johnson, D.J.	Luther	Pappas
Beckman	Dille	Johnson, J.B.	McGowan	Pariseau
Belanger	Finn	Knutson	Metzen	Pogemiller
Benson, D.D.	Frederickson	Krentz	Moe, R.D.	Solon
Benson, J.E.	Hanson	Kroening	Mondale	Stevens
Bertram	Hottinger	Langseth	Murphy	Vickerman
Chmielewski	Janezich	Larson	Neuville	Wiener

Those who voted in the negative were:

Berg	Kelly	Morse	Riveness	Stumpf
Berglin	Kiscaden	Oliver	Robertson	Terwilliger
Betzold	Laidig	Piper	Runbeck	
Chandler	Lesewski	Price	Sams	
Flynn	Marty	Ranum	Samuelson	
Johnston	Merriam	Reichgott	Spear	

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

MESSAGES FROM THE HOUSE – CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1642.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1993

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. 1094: Messrs. Luther, Solon, Larson, Mses. Wiener and Berglin.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Stevens introduced—

S.F. No. 1675: A bill for an act relating to taxation; altering the composition of public regional library district boards; changing the maximum levy authority for certain regional library systems; limiting the ability of regional library systems to incur debt.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Mr. Price was excused from the Session of today from 9:00 to 10:00 a.m.
Ms. Wiener was excused from the Session of today from 10:30 to 10:40 a.m.
Ms. Hanson was excused from the Session of today from 3:10 to 3:30 p.m.
Mr. Lessard was excused from the Session of today from 10:05 to 10:35 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, February 22, 1994. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

COMMUNICATIONS RECEIVED SUBSEQUENT TO ADJOURNMENT

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Resolution Number 4, Senate File 1232/House File 1519, relating to the North American Free Trade Agreement (NAFTA).

Resolutions, while having no formal legal significance, can be important statements of policy and goals. The state constitution allows me to review resolutions in the same manner as bills which have passed the legislature. I am vetoing this resolution because I do not agree with its statements and feel it contradicts the position that our state must take on NAFTA.

NAFTA will be beneficial to the state and the country. Opening new markets for U.S. products represents the most important step we can make to foster economic growth. Lowering trade barriers makes sense for consumers, employers and employees and will translate into increased exports, economic growth and job creation for Minnesota. Passage of NAFTA is particularly important to our state because of our proximity to Canada.

The resolution is loaded with speculation of the possible consequences of NAFTA. I realize that there are concerns about environmental and labor issues. It will be important for these issues to be resolved to the satisfaction of Congress. Congress, the Bush administration and now the Clinton administration have been debating these issues for two years now. President Clinton and Congressman Gephardt are urging ratification with some negotiated modifications. This resolution would be contrary to those efforts.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 290, Senate File No. 1407/House File No. 1727, the Omnibus Higher Education Appropriations bill.

This bill contains many fine provisions, some of which were contained in the budget I presented to the legislature in January; others were legislative initiatives. However, as of this morning, the aggregate result of appropriation bills passed, guarantees that the state will have to borrow its way to a balanced budget. To the best of my knowledge, the Minnesota Legislature has never knowingly adopted a budget with a built-in deficit; to do so now would amount to a breach of our commitment to the taxpayers of this state.

If the Legislature either now or in a special session determines that creating a cash flow account of $400 million or setting in statute the mechanism to unallot to avert short-term borrowing, I would be happy to reconsider this and other appropriation bills.

We owe it to the taxpayers of this state to live within our means.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 225, Senate File No. 1496/House File No. 1751, the Health and Human Development Appropriations bill.

This bill contains many fine provisions, some of which were contained in the budget I presented to the legislature in January; others were legislative initiatives. However, as of this morning, the aggregate result of appropriation bills passed, guarantees that the state will have to borrow its way to a balanced budget. To the best of my knowledge, the Minnesota Legislature has never knowingly adopted a budget with a built-in deficit; to do so now would amount to a breach of our commitment to the taxpayers of this state.

If the Legislature either now or in a special session determines that creating a cash flow account of $400 million or setting in statute the mechanism to unallot to avert short-term borrowing, I would be happy to reconsider this and other appropriation bills.

We owe it to the taxpayers of this state to live within our means.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, Senate File Nos. 34, 162, 235, 262, 340, 406, 567, 693, 782, 826, 948, 1141, 1290, 58, 64, 141, 229, 441, 1036, 1115, 207, 264, 419, 560, 832, and 853.

Warmest regards,
Arne H. Carlson, Governor

May 18, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
697		186	10:01 p.m. May 14	May 14
	327	214	10:55 a.m. May 17	May 17
406		215	3:10 p.m. May 17	May 17
441		216	11:06 a.m. May 17	May 17
826		217	3:12 p.m. May 17	May 17
1141		218	3:13 p.m. May 17	May 17
229		219	11:04 a.m. May 17	May 17
58		220	10:57 a.m. May 17	May 17
1036		221	11:08 a.m. May 17	May 17
141		222	10:58 a.m. May 17	May 17
567		223	3:11 p.m. May 17	May 17
	350	224	10:38 p.m. May 17	May 17
1115		226	10:55 a.m. May 17	May 17
	1450	227	4:47 p.m. May 17	May 17
	199	228	10:53 a.m. May 17	May 17
64		229	10:56 a.m. May 17	May 17
1290		230	3:14 p.m. May 17	May 17
693		231	3:11 p.m. May 17	May 17
832		232	4:50 p.m. May 17	May 17
	50	233	4:45 p.m. May 17	May 17
	864	235	4:45 p.m. May 17	May 17
264		236	4:42 p.m. May 17	May 17
340		237	3:09 p.m. May 17	May 17
34		238	3:07 p.m. May 17	May 17
162		239	3:08 p.m. May 17	May 17
207		240	4:43 p.m. May 17	May 17
235		241	3:08 p.m. May 17	May 17
262		242	3:08 p.m. May 17	May 17
560		243	4:40 p.m. May 17	May 17
853		244	4:52 p.m. May 17	May 17
	948	245	4:44 p.m. May 17	May 17
782		246	3:12 p.m. May 17	May 17
419		247	4:42 p.m. May 17	May 17
948		248	3:13 p.m. May 17	May 17

Sincerely,
Joan Anderson Growe
Secretary of State

May 18, 1993

The Honorable Roger D. Moe, Chair
Committee on Rules and Administration

Dear Senator Moe:

Pursuant to Rule 51, the following bills remaining on General Orders after adjournment on May 17, 1993, were returned to the committees indicated:

S.F. Nos. 1175, 332 and 876 to the Committee on Crime Prevention.

S.F. Nos. 608 and 391 to the Committee on Education.

S.F. No. 1099 to the Committee on Environment and Natural Resources.

S.F. No. 1202 to the Committee on Ethics and Campaign Reform.

S.F. Nos. 1210, 955, 812, 327, 1611, 1088, 817, 154 and 1524 to the Committee on Finance.

S.F. Nos. 1421 and 1254 and H.F. No. 192 to the Committee on Governmental Operations and Reform.

S.F. Nos. 372, 1113 and 382 to the Committee on Health Care.

S.F. Nos. 1188 and 819 to the Committee on Jobs, Energy and Community Development.

S.F. Nos. 57 and 1342 to the Committee on Judiciary.

S.F. Nos. 1281 and 1127 to the Committee on Metropolitan and Local Government.

S.F. Nos. 924, 510, 1249, 1234 and 1327 and H.F. No. 980 to the Committee on Taxes and Tax Laws.

S.F. Nos. 921 and 953 and H.F. No. 978 to the Committee on Transportation and Public Transit.

Pursuant to Joint Rule 3.02, the following Conference Committees were discharged and the Senate bill was laid on the table:

S.F. No. 760.

H.F. Nos. 238, 1094 and 1311.

Sincerely,
Patrick E. Flahaven
Secretary of the Senate

May 19, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, Senate File Nos. 192, 236,

273, 304, 413, 512, 880, 1129, 1171, 1315, 1320, 1367, 452, 1187, 53, 1105, 566, 653, 1046, 1074, 1221, 1275, 1624 and 918.

Warmest regards,
Arne H. Carlson, Governor

May 19, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	931	250	8:31 a.m. May 19	May 19
	1039	251	8:33 a.m. May 19	May 19
	454	252	8:24 a.m. May 19	May 19
	1151	253	8:23 a.m. May 19	May 19
	1133	254	8:34 a.m. May 19	May 19
1171		255	8:23 a.m. May 19	May 19
1129		257	8:23 a.m. May 19	May 19
	1259	258	8:26 a.m. May 19	May 19
	94	259	8:22 a.m. May 19	May 19
	1436	263	8:34 a.m. May 19	May 19
	1205	265	8:24 a.m. May 19	May 19
413		267	8:28 a.m. May 19	May 19
512		268	8:30 a.m. May 19	May 19
	1114	269	8:22 a.m. May 19	May 19
236		270	8:20 a.m. May 19	May 19
	1524	271	8:21 a.m. May 19	May 19
	988	273	8:33 a.m. May 19	May 19
192		274	8:26 a.m. May 19	May 19
1320		276	8:26 a.m. May 19	May 19
880		279	8:30 a.m. May 19	May 19
1367		282	8:20 a.m. May 19	May 19
304		283	8:27 a.m. May 19	May 19
1315		288	8:26 a.m. May 19	May 19
273		289	8:25 a.m. May 19	May 19

Sincerely,
Joan Anderson Growe
Secretary of State

May 20, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and

deposited in the Office of the Secretary of State, Senate File Nos. 376, 580, 1418, 40, 502, 532, 869, 981, 1000, 1062, 1081, 751, 131, 334, 1226, and 1437.

Warmest regards,
Arne H. Carlson, Governor

May 20, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 325, Senate File 306/House File 1480, a bill relating to the appointment procedures and contracting.

Article 1 establishes a number of unnecessary procedural requirements for the appointment of agency heads and members of administrative boards. The article, for instance, requires that appointing authorities seek the advice and consent of the Senate for all board vacancies regardless of the length of the remaining term. It prohibits a temporary or acting commissioner from serving for longer than 45 legislative days regardless of qualifications or circumstances.

Article 2 has created considerable controversy because of the limits it imposes on professional and technical services contracts. I support improved management of state contracts and agree with the Legislative Auditor's February 1992 recommendations to streamline the contracting process and improve its effectiveness. While Chapter 325 contains several important reform provisions such as the new requirements for contract renewals, many of the bill's provisions run counter to the recommendations of the Legislative Auditor.

Provisions, such as requiring agencies to complete evaluation forms on all contracts over $5000 and file them with legislative policy and finance chairs, create additional paperwork and red tape without improving contract management. Other provisions, such as requiring detailed budget estimates for contracts as part of the biennial budget process, run counter to our implementation of performance-based budgeting – which emphasizes program results rather than line-item micro-management.

Section 10, which imposes a 10 percent across-the-board cut in contracting, is of particular concern. While the bill authorizes certain exemptions, it does not begin to recognize all of the situations where contracting is an essential part and/or the most cost effective way of delivering a service. The bill treats all departments alike, regardless of their needs of the cost effectiveness of contracting. The provision is particularly troublesome for new or expanding programs mandated by the legislature. MinnesotaCare, the safe drinking water program in the Department of Health and the state's correctional programs are examples of programs that would be crippled by a 10 percent across-the-board cut in contracts.

Rather than impose an arbitrary across-the-board reduction in contracting and additional paperwork requirements, we need to concentrate on revamping contracting procedures to make them less cumbersome and strengthen contract management to ensure that state contracts are cost-effective. I support the Department of Administration's plans to implement the recommendations of the Legislative Auditor, most of which can be implemented administratively. State agencies will be given more responsibility for small, routine contracts. The Department of Administration will focus on the state's more expensive, complex contracts and will provide agencies greater guidance and training on contract management.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

May 21, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	287	249	3:40 p.m. May 19	May 19
1187		256	3:43 p.m. May 19	May 19
	74	260	2:55 p.m. May 19	May 19
53		261	2:08 p.m. May 19	May 19
	1709	266	3:50 p.m. May 19	May 19
	584	272	10:30 a.m. May 19	May 19
653		275	10:32 a.m. May 19	May 19
	208	277	10:27 a.m. May 19	May 19
1624		278	10:40 a.m. May 19	May 19
566		280	10:32 a.m. May 19	May 19
1221		281	10:36 a.m May 19	May 19
1046		284	10:35 a.m. May 19	May 19
1074		285	10:37 a.m. May 19	May 19
1105		286	2:06 p.m. May 19	May 19
1275		287	10:38 a.m. May 19	May 19
	994	291	3:46 p.m. May 19	May 19
	777	292	4:40 p.m. May 19	May 19
	1499	293	4:38 p.m. May 19	May 19
	1081	295	3:20 p.m. May 20	May 20
	251	296	3:42 p.m. May 19	May 19
	1182	297	3:22 p.m. May 20	May 20
	1149	298	2:17 p.m. May 20	May 20

	1095	299	2:17 p.m. May 20	May 20
376		300	3:45 p.m. May 20	May 20
1418		301	3:48 p.m. May 20	May 20
452		302	3:21 p.m. May 19	May 19
502		303	2:06 p.m. May 20	May 20
334		304	3:21 p.m. May 20	May 20
918		305	4:37 p.m. May 19	May 19
981		306	2:12 p.m. May 20	May 20
	574	307	3:50 p.m. May 20	May 20
	543	308	2:16 p.m. May 20	May 20
1000		309	2:13 p.m. May 20	May 20
	836	310	2:02 p.m. May 20	May 20
	519	311	2:10 p.m. May 20	May 20
40		312	2:04 p.m. May 20	May 20
1062		313	2:13 p.m. May 20	May 20
1081		314	2:14 p.m. May 20	May 20
580		315	3:47 p.m. May 20	May 20
751		316	3:55 p.m. May 20	May 20
	531	317	2:15 p.m. May 20	May 20
	201	318	10:58 a.m. May 20	May 20
	1523	319	2:25 p.m. May 20	May 20
	504	320	2:14 p.m. May 20	May 20
	1585	326	2:17 p.m. May 20	May 20

Sincerely,
Joan Anderson Growe
Secretary of State

May 24, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, Senate File Nos. 1054, 414, 636, 663, 748, 1077, 1368, 553, 625, 176, 429, 694, 1114, 1297, and 1642.

Warmest regards,
Arne H. Carlson, Governor

May 24, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 359, Senate File 785/House File 349, a bill providing that certain acts are unfair labor practices.

Chapter 359 amends the Public Employee Labor Relations Act (PELRA) as well as laws governing private sector labor relations. This measure would make it an unfair labor practice for a public or private employer to refuse to

allow a labor organization equal time during work hours to respond to an employer meeting intended to discourage employees from voting to unionize. This measure suffers from several infirmities.

First, I believe this bill would place an unfair burden on employers by requiring them, in effect, to pay for the unionization effort. This issue is best decided in the negotiation process.

Second, any and all changes to PELRA should be done only in the context of an overall review of this law. This would ensure that the interests of labor, management and the taxpayer are all appropriately considered.

Third, as drafted, this bill is very unclear and invites lawsuits. For example, how are we to determine when an "anti-union" meeting has occurred? Who determines when the response meeting should be held and which union representative will respond assuming more than one union is competing?

Finally, the legislature is again ignoring the issue of federal preemption. The National Labor Relations Act covers union organizing activity and Minnesota should take care to avoid placing an additional burden on our employers in areas that require national uniformity.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

May 24, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 360, Senate File 544/House File 651, a bill providing that certain acts are an unfair labor practice.

Chapter 360 amends the Public Employee Labor Relations Act (PELRA) as well as laws governing private sector labor relations. This measure would make it an unfair labor practice for a public or private employer to fail to inform an employee of the employee's right to have a union representative present during an investigation or disciplinary interview.

Chapter 360 would seriously impede an employer's efforts to conduct an investigation. Both employers and employees share an interest in resolving investigations or disciplinary actions in a quick and fair manner. They should also share in the responsibilities and burdens of notifying employees of their rights. This issue is more appropriately decided in the negotiation process.

Second, as I stated in my veto message for Chapter 359, any and all changes to PELRA should be done only in the context of an overall review of this law.

This would ensure that the interests of labor, management and the taxpayer are all appropriately considered.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c), the foregoing message was laid on the table.

May 24, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 349, Senate File 811/House File 1125, a bill relating to a metropolitan high speed bus system implementation study.

This bill would spend $50,000 on yet another study of an issue that is currently being examined in the metro area on several fronts. The current plans and studies include:

The Metropolitan Council's Transit Facilities Plan issued in February, 1992, examined eighteen transportation corridors and suggested transit improvements in each, including high occupancy vehicle (HOV) lanes on I-94 north from Minneapolis and I-94 east from Saint Paul.

The Regional Transit Board's "Vision for Transit" already includes elements of this concept such as timed-transfer bus stations.

MnDOT's Alternatives Analysis of the Central Corridor between Minneapolis and Saint Paul is currently examining a busway as one alternative transit improvement. The draft Environmental Impact Statement for this corridor is scheduled to be completed in the fall of 1993.

"Team Transit" is currently examining methods of improving bus service in the I-494 and I-35W corridors.

The provision of intercity bus service, including links to the Twin Cities, is currently being examined by MnDOT in its Greater Minnesota Transit Plan.

Accordingly, this study would be largely duplicative and an inefficient use of scarce financial resources.

Warmest regards,
Arne H. Carlson, Governor

Pursuant to Joint Rule 3.02, (c) the foregoing message was laid on the table.

May 24, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
532		321	2:08 p.m. May 20	May 20
	129	322	2:10 p.m. May 20	May 20
131		323	3:20 p.m. May 20	May 20
1226		324	4:22 p.m. May 20	May 20
1437		327	4:23 p.m. May 20	May 20
869		328	2:10 p.m. May 20	May 20
	1325	329	2:22 p.m. May 20	May 20
	639	330	2:17 p.m. May 20	May 20
	1138	332	2:13 p.m. May 20	May 20
	1107	333	2:18 p.m. May 20	May 20

Sincerely,
Joan Anderson Growe
Secretary of State

May 25, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993	Date Filed 1993
	1486	334	6:06 p.m. May 24	May 24
	10	335	12:12 p.m. May 24	May 24
625		336	5:46 p.m. May 24	May 24
1054		337	12:22 p.m. May 24	May 24
1077		338	12:10 p.m. May 24	May 24
748		339	12:09 p.m. May 24	May 24
	1042	340	12:14 p.m. May 24	May 24
	514	341	5:50 p.m. May 24	May 24
	1060	342	12:15 p.m. May 24	May 24
	555	343	5:50 p.m. May 24	May 24
	1387	344	5:52 p.m. May 24	May 24
	1178	345	12:15 p.m. May 24	May 24
694		347	5:46 p.m. May 24	May 24
429		350	5:47 p.m. May 24	May 24
	1245	351	5:53 p.m. May 24	May 24
	570	352	12:03 p.m. May 24	May 24
414		353	12:05 p.m. May 24	May 24

	1063	354	6:27 p.m. May 24	May 24
	1253	356	12:18 p.m. May 24	May 24
553		357	5:45 p.m. May 24	May 24
1297		358	5:48 p.m. May 24	May 24
176		361	5:44 p.m. May 24	May 24
	795	362	5:51 p.m. May 24	May 24
	1658	363	5:53 p.m. May 24	May 24
663		364	12:08 p.m. May 24	May 24
1368		365	12:12 p.m. May 24	May 24
1642		366	5:46 p.m. May 24	May 24
	1225	367	5:52 p.m. May 24	May 24
	1650	369	6:24 p.m. May 24	May 24
	1377	370	12:20 p.m. May 24	May 24
636		371	12:06 p.m. May 24	May 24
1114		372	5:49 p.m. May 24	May 24
	1749	373	5:54 p.m. May 24	May 24
	125	374	12:13 p.m. May 24	May 24
	427	375	5:54 p.m. May 24	May 24

Sincerely,
Joan Anderson Growe
Secretary of State

August 17, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The Subcommittee on Committees of the Senate Committee on Rules and Administration met and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 1992

1.34: Legislative Advisory Committee to the Minnesota-Wisconsin Boundary Area Commission – Ms. Krentz, Messrs. Laidig, Morse, Murphy and Price

3.85: Legislative Commission on Pensions and Retirement – Messrs. Morse, Pogemiller, Riveness, Stumpf and Terwilliger

15A.082: Compensation Council – Mr. Day

121.82: Education Commission of the States – Mr. Pogemiller

236A.01: Interstate Agricultural Grain Marketing Commission – Mr. Bertram

257.803: Advisory Council on Children's Trust Fund – Ms. Ranum

298.22: Iron Range Resources and Rehabilitation Board – Messrs. Chmielewski; Janezich; Johnson, D.J.; Lessard and Solon

Respectfully,
Roger D. Moe, Chair
Subcommittee on Committees

August 24, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The Subcommittee on Committees of the Senate Committee on Rules and Administration met and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 1992

1.21-1.22: Great Lakes Commission – Mr. Oliver

3.303: Legislative Coordinating Commission – Messrs. Belanger; Johnson, D.E. and Spear

3.841: Legislative Commission to Review Administrative Rules – Mrs. Pariseau, Ms. Runbeck and Mr. Berg

3.855: Legislative Commission on Employee Relations – Mr. Metzen, Ms. Kiscaden, Mr. Terwilliger (Designee of Minority Leader) and Mr. Beckman (Designee of Tax Committee Chair)

3.862: Advisory Commission on Intergovernmental Relations – Mr. Day

3.873: Legislative Commission on Children, Youth and Their Families – Messrs. Mondale, Janezich, Knutson and Ms. Anderson

3.887: Legislative Water Commission – Messrs. Murphy, Dille and Ms. Krentz

3.9222: Legislative Commission on the Economic Status of Women - Ms. Kiscaden and Mr. Chandler

3.9225: Council on Black Minnesotans – Mr. Terwilliger

3.97: Legislative Audit Commission – Messrs. Spear, Metzen and Ms. Reichgott (Designee of Tax Committee Chair)

44A.01: Minnesota World Trade Center Corporation Board – Mr. McGowan

62J.07: Legislative Commission on Health Care Access – Mr. Sams

115A.14: Legislative Commission on Waste Management – Messrs. Chandler, Stevens and Ms. Wiener

116O.091, Subdivision 2: Minnesota Project Outreach Corporation - Mr. Novak

116P.05: Legislative Commission on Minnesota Resources – Messrs. Metzen, Morse, Price, Laidig and Ms. Johnson, J.B.

135A.21: Midwestern Higher Education Commission – Mr. Stumpf

256B.504, Subdivision 2: Legislative Commission on Long Term Health Care – Messrs. Betzold, Larson and Ms. Lesewski

Pursuant to Minnesota Laws 1985

Chapter 256, Section 2: Joint Legislative Committee on Agricultural Land Preservation and Soil and Water Conservation – Messrs. Bertram, Murphy and Ms. Lesewski

Pursuant To Permanent Rules of the Senate

Rule 75: Senate Special Committee on Ethical Conduct – Messrs. Benson, D.D.; Marty; Novak and Terwilliger

Respectfully,
Roger D. Moe, Chair
Subcommittee on Committees

September 7, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The Subcommittee on Committees of the Senate Committee on Rules and Administration met and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 1992

1.21-1.22: Great Lakes Commission – Mr. Larson

3.97: Legislative Audit Commission – Mr. Riveness (Designee of Majority Leader)

44A.01: Minnesota World Trade Center Corporation Board – Mr. Oliver

Pursuant to Minnesota Laws 1985

Chapter 256, Section 2: Joint Legislative Committee on Agricultural Land Preservation and Soil and Water Conservation – Mr. Dille

Pursuant to Permanent Rules of the Senate

Rule 75: Senate Special Committee on Ethical Conduct – Messrs. Laidig and Neuville (Temporary substitutes for Messrs. Benson, D.D. and Terwilliger)

Respectfully,
Roger D. Moe, Chair
Subcommittee on Committees

September 14, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The Subcommittee on Committees of the Senate Committee on Rules and Administration met and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 1992

3.841: Legislative Commission to Review Administrative Rules – Mr. Betzold

Pursuant to Minnesota Laws 1993

Chapter 129, Section 4: Restricted Species Task Force – Mr. Dille

Chapter 172, Section 34: Cuyuna Country State Recreation Area Advisory Committee – Mr. Samuelson

Chapter 183: St. Anthony Falls Heritage Board – Messrs. Kroening and Pogemiller

Chapter 224, Article 1, Section 35: Coalition for Education Reform and Accountability Panel – Ms. Krentz

Chapter 224, Article 6, Section 25, Subdivision 2: Educational Delivery Service Planning Process Review Panel – Mr. Pogemiller

Chapter 255, Section 1: Nonfelony Enforcement Advisory Committee – Ms. Anderson, Messrs. McGowan and Spear

Chapter 326, Article 4, Section 38 (Amending Laws 1992, Chapter 571, Article 7, Section 13, Subdivision 1): Juvenile Justice System Advisory Task Force – Messrs. Kelly, McGowan and Ms. Ranum

Chapter 363, Section 4, Subdivision 7: Project Outreach Advisory Committee (effective July 1, 1994) – Mr. Morse

Chapter 367, Section 34: Dairy Price Deregulation Task Force – Messrs. Bertram, Dille and Larson (Designee of the Commerce Committee Chair)

Chapter 369, Section 60: Labor Interpretive Center Board of Directors – Mr. Bernard Brommer, Mses. Julie Bleyhl and Elizabeth Pegues

Chapter 375, Article 9, Section 49: Sales Tax Exemption on Capital Equipment Advisory Council – Messrs. Belanger, Price, Bob Teichert, Mses. Reichgott and Diane Weber

Chapter 375, Article 15, Section 2: Government Innovation and Cooperation Board – Messrs. Hottinger, Metzen and Terwilliger

Chapter 375, Article 17, Section 25: Metropolitan Governance Advisory Council – Ms. Flynn, Mrs. Pariseau, Ms. Hazel Reinhardt, Messrs. Mondale and Yusef Mgeni

Pursuant to Minnesota Laws 1993 First Special Session

Chapter 1, Article 7, Section 48: Adult Mental Health Services and Funding Task Force – Mses. Kiscaden and Piper

Chapter 2, Article 2, Section 24: Financial Aid Task Force – Messrs. John Brandl, Humphrey Dorrman, Larry Aitkin and Ms. Kathy Tunheim

Chapter 2, Article 5, Section 2: Instructional Telecommunications Council – Mr. Stumpf

Chapter 2, Article 9, Section 1: Joint Legislative Committee on Merging Post-Secondary Systems – Mses. Olson, Wiener, Messrs. Price, Solon and Stumpf

Respectfully,
Roger D. Moe, Chair
Subcommittee on Committees

September 21, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

As the Majority Leader of the Senate, I have made the following appointments:

Pursuant to Minnesota Laws 1993

Chapter 146, Article 2, Section 4, Subdivision 2: Community Correctional Services Working Group – Mr. Beckman

Chapter 146, Article 5, Section 5, Subdivision 2: Youth Works Task Force – Messrs. Beckman and Murphy

Chapter 192, Section 82, Subdivision 1: Minnesota Amateur Sports Commission – Mr. Luther and Ms. Krentz

Chapter 266, Section 33, Subdivision 2: Criminal and Juvenile Justice Information Policy Group Task Force – Ms. Ranum and Mr. Knutson

Respectfully,
Roger D. Moe
Senate Majority Leader

September 28, 1993

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The Subcommittee on Committees of the Senate Committee on Rules and Administration met and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 1992

136E.02: Higher Education Board Candidate Advisory Council – Mses. Gail Butenhoff, Yvonne Condell, Mary Kim, Connie Levi, Monica Manning, Hazel Reinhardt, Sandra Vargas, Messrs. Joe Aitkin, Jerry Christenson, John Davis, Curman Gaines and Robert Vanasek

137.0245: Regent Candidate Advisory Council – Mses. Nedra Wicks and Lurline Baker Kent

Pursuant to Minnesota Laws 1993 First Special Session

Chapter 1, Article 7, Section 48: Adult Mental Health Services and Funding Task Force – Mr. Samuelson

Respectfully,
Roger D. Moe, Chair
Subcommittee on Committees

October 29, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

As the Minority Leader of the Minnesota Senate, I have made the following appointments:

Pursuant to Minnesota Statutes 1992

116O.03, Subdivision 2: Board of Directors for Minnesota Technology, Inc. – Mr. Howard Stewart

Pursuant to Minnesota Laws 1993

Chapter 146, Article 2, Section 4, Subdivision 2: Community Correctional Services Working Group – Ms. Kiscaden

Respectfully,
Dean E. Johnson
Senate Minority Leader

JOURNAL

OF THE

SENATE

STATE OF MINNESOTA

SEVENTY-EIGHTH LEGISLATURE

SPECIAL SESSION

1993

STATE OF MINNESOTA

Journal of the Senate

SEVENTY-EIGHTH LEGISLATURE

SPECIAL SESSION

FIRST DAY

St. Paul, Minnesota, Thursday, May 27, 1993

The Senate met at 10:00 a.m. and was called to order by the President.

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 Secretary called the roll by legislative districts in numerical order as follows:

First District	LeRoy A. Stumpf
Second District	Roger D. Moe
Third District	Bob Lessard
Fourth District	Harold R. "Skip" Finn
Fifth District	Jerry R. Janezich
Sixth District	Douglas J. Johnson
Seventh District	Sam G. Solon
Eighth District	Florian Chmielewski
Ninth District	Keith Langseth
Tenth District	Cal Larson
Eleventh District	Dallas C. Sams
Twelfth District	Don Samuelson
Thirteenth District	Charles A. Berg
Fourteenth District	Joe Bertram, Sr.
Fifteenth District	Dean E. Johnson
Sixteenth District	Joanne E. Benson
Seventeenth District	Dan Stevens
Eighteenth District	Janet B. Johnson
Nineteenth District	Betty A. Adkins
Twentieth District	Steve Dille
Twenty-first District	Arlene J. Lesewski
Twenty-second District	Jim Vickerman
Twenty-third District	Dennis R. Frederickson
Twenty-fourth District	John C. Hottinger
Twenty-fifth District	Thomas M. Neuville
Twenty-sixth District	Tracy L. Beckman
Twenty-seventh District	Pat Piper
Twenty-eighth District	Dick Day
Twenty-ninth District	Steve L. Murphy
Thirtieth District	Sheila M. Kiscaden

Thirty-first District	Duane D. Benson
Thirty-second District	Steven Morse
Thirty-third District	Patrick D. McGowan
Thirty-fourth District	Gen Olson
Thirty-fifth District	Terry D. Johnston
Thirty-sixth District	David L. Knutson
Thirty-seventh District	Pat Pariseau
Thirty-eighth District	Deanna Wiener
Thirty-ninth District	James P. Metzen
Fortieth District	Phil J. Riveness
Forty-first District	William V. Belanger, Jr.
Forty-second District	Roy Terwilliger
Forty-third District	Edward C. Oliver
Forty-fourth District	Ted A. Mondale
Forty-fifth District	Martha R. Robertson
Forty-sixth District	Ember D. Reichgott
Forty-seventh District	William P. Luther
Forty-eighth District	Don Betzold
Forty-ninth District	Gene Merriam
Fiftieth District	Paula E. Hanson
Fifty-first District	Jane Krentz
Fifty-second District	Steven G. Novak
Fifty-third District	Linda Runbeck
Fifty-fourth District	John Marty
Fifty-fifth District	Kevin M. Chandler
Fifty-sixth District	Gary W. Laidig
Fifty-seventh District	Leonard R. Price
Fifty-eighth District	Carl W. Kroening
Fifty-ninth District	Lawrence J. Pogemiller
Sixtieth District	Allan H. Spear
Sixty-first District	Linda Berglin
Sixty-second District	Carol Flynn
Sixty-third District	Jane B. Ranum
Sixty-fourth District	Richard J. Cohen
Sixty-fifth District	Sandra L. Pappas
Sixty-sixth District	Ellen R. Anderson
Sixty-seventh District	Randy C. Kelly

The President declared a quorum present.

STATE OF MINNESOTA

PROCLAMATION

WHEREAS: The Seventy-Eighth Legislature adjourned without enacting essential legislation to provide for the orderly financial management of state government; and

WHEREAS: The time permitted by law for passage of such legislation during the 1993 Session of the Legislature has expired, and an extraordinary occasion is thereby created; and

WHEREAS: Article IV, Section 12 of the Constitution of the State of Minnesota provides that a special session of the Legislature may be called on extraordinary occasions; and

WHEREAS: The people of Minnesota are best served by an orderly

conclusion of legislative business, with a limited agenda and prior agreement on laws to be enacted; and

WHEREAS: Elected leaders of the legislature have agreed on an agenda and procedures to complete a special session on May 27, 1993;

NOW, THEREFORE, I, Arne H. Carlson, Governor of the State of Minnesota, do hereby summon you, members of the Legislature, to convene in Special Session on Thursday, May 27, 1993 at 10:00 a.m. at the Capitol in Saint Paul, Minnesota.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this twenty-sixth day of May in the year of our Lord one thousand nine hundred and ninety-three, and of the State the one hundred thirty-fifth.

Arne H. Carlson
Governor

Joan Anderson Growe
Secretary of State

MOTIONS AND RESOLUTIONS

Messrs. Moe, R.D. and Johnson, D.E. introduced—

Senate Resolution No. 1: A Senate resolution relating to organization and operation of the Senate during the Special Session.

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

The Senate is organized under Minnesota Statutes, sections 3.073 and 3.103.

The Rules of the Senate for the 78th Legislature are the Rules for the Special Session, except that Rules 33, 40, and 57 are not operative other than as provided in this resolution.

The Committee on Rules and Administration is established in the same manner and with the same powers as in the 78th Legislature.

With respect to Rule 31, Reconsideration, a notice of intention to move for reconsideration is not in order, but a motion to reconsider may be made, and when made has priority over other business except a motion to adjourn.

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 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Robertson
Anderson	Finn	Kroening	Neuville	Runbeck
Beckman	Flynn	Laidig	Novak	Sams
Belanger	Frederickson	Langseth	Oliver	Samuelson
Benson, D.D.	Hanson	Larson	Olson	Solon
Benson, J.E.	Hottinger	Lesewski	Pappas	Spear
Berg	Janezich	Luther	Pariseau	Stevens
Bertram	Johnson, D.E.	Marty	Piper	Stumpf
Betzold	Johnson, D.J.	McGowan	Pogemiller	Terwilliger
Chandler	Johnson, J.B.	Metzen	Price	Vickerman
Chmielewski	Johnston	Moe, R.D.	Ranum	Wiener
Cohen	Kiscaden	Morse	Riveness	

The motion prevailed. So the resolution was adopted.

Messrs. Moe, R.D. and Johnson, D.E. introduced—

Senate Resolution No. 2: A Senate resolution relating to notifying the House of Representatives and the Governor that the Senate is organized.

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

The Secretary of the Senate shall notify the House of Representatives and the Governor that the Senate is now duly organized under the Minnesota Constitution and Minnesota Statutes.

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to inform you that the House of Representatives of the State of Minnesota is now duly organized for the 1993 Special Session pursuant to law.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 27, 1993

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Messrs. Luther; Marty; Moe, R.D.; Chandler and Johnson, D.E. introduced—

S.F. No. 1: A bill for an act relating to campaign finance reform; requiring disclosure of certain campaign contributions made while campaign finance reform legislation was pending; removing contributors of $100 or less from the definition of a "large giver"; increasing the public subsidy paid from the general account of the state elections campaign fund; eliminating the small donor matching program; appropriating money; amending Minnesota Statutes 1992, sections 10A.27, subdivision 11, as added; and 10A.31, subdivisions 4, and 7, as amended; repealing Minnesota Statutes 1992, section 10A.312, as added.

Mr. Moe, R.D. moved that S.F. No. 1 be laid on the table. The motion prevailed.

Messrs. Stumpf, Price, Ms. Wiener, Mrs. Benson, J.E. and Mr. Solon introduced—

S.F. No. 2: A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23.

Mr. Moe, R.D. moved that S.F. No. 2 be laid on the table. The motion prevailed.

Mr. Samuelson, Mses. Berglin, Piper, Messrs. Day and Sams introduced—

S.F. No. 3: A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04;

157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota

Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

Mr. Moe, R.D. moved that S.F. No. 3 be laid on the table. The motion prevailed.

Messrs. Merriam; Moe, R.D.; Ms. Flynn, Messrs. Johnson, D.E. and Frederickson introduced—

S.F. No. 4: A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024.

Mr. Moe, R.D. moved that S.F. No. 4 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that S.F. No. 2 be taken from the table. The motion prevailed.

S.F. No. 2: A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.0411; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing

Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23.

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 S.F. No. 2 and that the rules of the Senate be so far suspended as to give S.F. No. 2 its second and third reading and place it on its final passage. The motion prevailed.

S.F. No. 2 was read the second time.

S.F. No. 2 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Morse	Riveness
Anderson	Finn	Kroening	Murphy	Robertson
Beckman	Flynn	Laidig	Neuville	Runbeck
Belanger	Frederickson	Langseth	Novak	Sams
Benson, D.D.	Hanson	Larson	Oliver	Samuelson
Benson, J.E.	Hottinger	Lesewski	Olson	Solon
Berg	Janezich	Luther	Pappas	Spear
Berglin	Johnson, D.E.	Marty	Pariseau	Stevens
Bertram	Johnson, D.J.	McGowan	Piper	Stumpf
Betzold	Johnson, J.B.	Merriam	Pogemiller	Terwilliger
Chandler	Johnston	Metzen	Price	Vickerman
Cohen	Kiscaden	Moe, R.D.	Ranum	Wiener

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that S.F. No. 1 be taken from the table. The motion prevailed.

S.F. No. 1: A bill for an act relating to campaign finance reform; requiring disclosure of certain campaign contributions made while campaign finance reform legislation was pending; removing contributors of $100 or less from the definition of a "large giver"; increasing the public subsidy paid from the general account of the state elections campaign fund; eliminating the small donor matching program; appropriating money; amending Minnesota Statutes 1992, sections 10A.27, subdivision 11, as added; and 10A.31, subdivisions 4, and 7, as amended; repealing Minnesota Statutes 1992, section 10A.312, as added.

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 S.F. No. 1 and that the rules of the Senate be so far suspended as to give S.F. No. 1 its second and third reading and place it on its final passage. The motion prevailed.

S.F. No. 1 was read the second time.

S.F. No. 1 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Robertson
Anderson	Finn	Kroening	Neuville	Runbeck
Beckman	Flynn	Laidig	Novak	Sams
Belanger	Frederickson	Langseth	Oliver	Solon
Benson, D.D.	Hanson	Larson	Olson	Spear
Benson, J.E.	Hottinger	Lesewski	Pappas	Stevens
Berg	Janezich	Luther	Pariseau	Stumpf
Berglin	Johnson, D.E.	Marty	Piper	Terwilliger
Bertram	Johnson, D.J.	McGowan	Pogemiller	Vickerman
Betzold	Johnson, J.B.	Merriam	Price	Wiener
Chandler	Johnston	Metzen	Ranum	
Chmielewski	Kiscaden	Moe, R.D.	Reichgott	
Cohen	Knutson	Morse	Riveness	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the 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 House File, herewith transmitted: H.F. No. 1.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 27, 1993

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 1: A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6;

148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C;

116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c.

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. 1 and that the rules of the Senate be so far suspended as to give H.F. No. 1 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1 was read the second time.

H.F. No. 1 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Morse	Reichgott
Anderson	Flynn	Kroening	Murphy	Riveness
Beckman	Frederickson	Laidig	Neuville	Runbeck
Belanger	Hanson	Langseth	Novak	Sams
Berg	Hottinger	Larson	Oliver	Samuelson
Berglin	Janezich	Lesewski	Olson	Solon
Bertram	Johnson, D.E.	Luther	Pappas	Spear
Betzold	Johnson, D.J.	Marty	Pariseau	Stevens
Chandler	Johnson, J.B.	McGowan	Piper	Stumpf
Chmielewski	Johnston	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Dille	Knutson	Moe, R.D.	Ranum	Wiener

Mr. Benson, D.D.; Mrs. Benson, J.E. and Ms. Robertson voted in the negative.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the 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 House File, herewith transmitted: H.F. No. 2.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 27, 1993

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2: A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024.

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. 2 and that the rules of the Senate be so far suspended as to give H.F. No. 2 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2 was read the second time.

H.F. No. 2 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 40 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson	Laidig	Neuville	Reichgott
Belanger	Hanson	Langseth	Oliver	Robertson
Benson, D.D.	Hottinger	Larson	Olson	Runbeck
Benson, J.E.	Janezich	Lesewski	Pappas	Solon
Berg	Johnson, D.E.	Marty	Pariseau	Spear
Chmielewski	Johnson, J.B.	McGowan	Piper	Stevens
Dille	Kiscaden	Merriam	Price	Terwilliger
Flynn	Knutson	Moe, R.D.	Ranum	Wiener

Those who voted in the negative were:

Anderson	Chandler	Krentz	Murphy	Samuelson
Beckman	Cohen	Kroening	Novak	Stumpf
Berglin	Finn	Luther	Pogemiller	Vickerman
Bertram	Johnson, D.J.	Metzen	Riveness	
Betzold	Johnston	Morse	Sams	

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.

Ms. Reichgott and Mr. Knutson introduced—

S.F. No. 5: 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 1992, sections 16B.42, subdivision 1; 115C.02, subdivision 14, as amended; 116.76, subdivision 1, as amended; 116.77, as

amended; 116.82, subdivision 3, as amended; 124.914, subdivision 4, as added; 256.969, by adding subdivisions, as amended; 256B.057, subdivision 1, as amended; 256B.0625, by adding a subdivision, as amended; 256B.0913, subdivision 5, as amended; 256B.0915, subdivision 3; 256B.0915, subdivision 3, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 257.071, subdivision 1, as amended; 260.191, subdivisions 3a and 3b, as added; 295.50, subdivisions 3 and 4, as amended, and by adding subdivisions; 295.51, subdivision 1, as amended; 295.52, by adding a subdivision; 295.53, subdivision 3, as amended, and by adding a subdivision; 295.54, as amended; 298.28, subdivision 4, as amended; 477A.013, subdivision 1; Laws 1992, chapter 549, article 9, section 19, as amended; Laws 1993, chapter 206, sections 8, subdivision 1; 25; chapter 340, section 60; chapter 345, article 1, sections 2, subdivision 2; and 8, subdivision 1; article 2, section 5, subdivision 2; chapter 372, section 8; 1993 Special Session H.F. No. 1, article 3, section 29, subdivision 1; article 4, sections 4, subdivision 5; 6, subdivision 6; repealing Laws 1993, chapter 224, article 1, section 31; and chapter 337, section 16.

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 S.F. No. 5 and that the rules of the Senate be so far suspended as to give S.F. No. 5 its second and third reading and place it on its final passage. The motion prevailed.

S.F. No. 5 was read the second time.

Ms. Reichgott moved to amend S.F. No. 5 as follows:

Page 25, line 30, delete "*18 to 28*" and insert "*19 to 29*"

The motion prevailed. So the amendment was adopted.

S.F. No. 5 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Sams
Anderson	Finn	Kroening	Neuville	Samuelson
Beckman	Flynn	Laidig	Oliver	Solon
Belanger	Frederickson	Langseth	Olson	Spear
Benson, D.D.	Hanson	Larson	Pappas	Stevens
Benson, J.E.	Hottinger	Lesewski	Pariseau	Stumpf
Berg	Janezich	Luther	Piper	Terwilliger
Berglin	Johnson, D.E.	Marty	Pogemiller	Vickerman
Bertram	Johnson, D.J.	McGowan	Price	Wiener
Betzold	Johnson, J.B.	Merriam	Ranum	
Chandler	Johnston	Metzen	Reichgott	
Chmielewski	Kiscaden	Moe, R.D.	Robertson	
Cohen	Knutson	Morse	Runbeck	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the 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. 1, 2 and 5.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 27, 1993

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 3.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 27, 1993

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 3: A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 3 and that the rules of the Senate be so far suspended as to give H.F. No. 3 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 3 was read the second time.

H.F. No. 3 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Sams
Anderson	Finn	Kroening	Neuville	Samuelson
Beckman	Flynn	Laidig	Oliver	Solon
Belanger	Frederickson	Langseth	Olson	Spear
Benson, D.D.	Hanson	Larson	Pappas	Stevens
Benson, J.E.	Hottinger	Lesewski	Pariseau	Stumpf
Berg	Janezich	Luther	Piper	Terwilliger
Berglin	Johnson, D.E.	Marty	Pogemiller	Vickerman
Bertram	Johnson, D.J.	McGowan	Price	Wiener
Betzold	Johnson, J.B.	Merriam	Ranum	
Chandler	Johnston	Metzen	Reichgott	
Chmielewski	Kiscaden	Moe, R.D.	Robertson	
Cohen	Knutson	Morse	Runbeck	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Messrs. Moe, R.D. and Johnson, D.E. introduced—

Senate Resolution No. 3: A Senate resolution relating to adjournment of the Special Session.

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

The Secretary of the Senate shall notify the Governor and the House of Representatives that the Senate is about to adjourn the Special Session sine die.

The Secretary of the Senate may correct and approve the Journal of the Senate for the Special Session.

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

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Mses. Wiener, Ranum, Messrs. McGowan and Pogemiller introduced—

S.F. No. 6: A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4.

Mr. Moe, R.D. moved that S.F. No. 6 be laid on the table. The motion prevailed.

Mr. Pogemiller introduced—

S.F. No. 7: A bill for an act relating to state government; abolishing the pollution control agency, the department of natural resources, the environmental quality board, the board of water and soil resources, the office of waste management, the harmful substance compensation board, the petroleum tank release compensation board, and the agricultural chemical response compensation board; abolishing certain powers and duties of the departments of agriculture, health, public service, trade and economic development, and transportation, and the metropolitan council; establishing a task force and a legislative commission to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring.

Mr. Moe, R.D. moved that S.F. No. 7 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to inform you that the House of Representatives of the State of Minnesota is about to adjourn the 1993 Special Session sine die.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 27, 1993

MEMBERS EXCUSED

Messrs. Day, Kelly, Lessard and Mondale were excused from the Session of today. Mr. Knutson and Ms. Reichgott were excused from the Session of today from 10:00 to 10:30 a.m. Mr. Novak was excused from the Session of today at 12:05 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

COMMUNICATIONS RECEIVED SUBSEQUENT TO ADJOURNMENT

May 27, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1, 2 and 5.

Warmest regards,
Arne H. Carlson, Governor

May 28, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Special Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
	1	1	4:22 p.m. May 27	May 27
2		2	4:23 p.m. May 27	May 27
1		3	4:25 p.m. May 27	May 27
	2	4	4:26 p.m. May 27	May 27
	3	5	4:23 p.m. May 27	May 27
5		6	4:25 p.m. May 27	May 27

Sincerely,
Joan Anderson Growe
Secretary of State

INDEX

SPECIAL SESSION 1993

BILLS OF THE SENATE
SPECIAL SESSION 1993

S. F. No.	TITLE	First Reading and Reference	Second Reading	Other Proceedings		Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1993 Laws, Chapter
1	A bill for an act relating to campaign finance reform; requiring disclosure of certain campaign contributions made while campaign finance reform legislation was pending; removing contributors of $100 or less from the definition of a "large giver"; increasing the public subsidy paid from the general account of the state elections campaign fund; eliminating the small donor matching program; appropriating money; amending Minnesota Statutes 1992, sections 10A.27, subdivision 11, as added; and 10A.31, subdivisions 4, and 7, as amended; repealing Minnesota Statutes 1992, section 10A.312, as added. (Luther; Marty; Moe, R.D.; Chandler; Johnson, D.E.)	6	10	6	10	11	19	16	19	3
2	A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; prescribing changes in eligibility and in duties and responsibilities for certain financial assistance programs; prescribing fees; adjusting certain duties and powers of the higher education coordinating board; prescribing certain changes for post-secondary systems; establishing an instructional telecommunications council; providing for grants from the higher education coordinating board for regional linkages and coordination; authorizing the state board of community colleges to use higher education facilities authority revenue bonds to construct student residences; creating three accounts in the permanent university fund and making allocations from the accounts; providing tuition exemptions at technical colleges for Southwest Asia veterans; establishing grant programs to promote recruitment and retention initiatives by nurses training programs directed toward persons of color; establishing grant programs for nursing students who are persons of color; amending Minnesota Statutes 1992, sections 3.9741; 16A.127, subdivision 8; 126.56, subdivision 5; 135A.03, subdivision 7; 135A.06, subdivision 1; 135A.061; 136A.02, subdivisions 5, 6, and 7; 136A.041; 136A.08, subdivisions 2 and 6; 136A.101, subdivisions 1 and 7; 136A.121, subdivisions 6 and 9; 136A.1353, subdivision 4; 136A.1354, subdivision 4; 136A.1701, subdivision 4, and by adding a subdivision; 136A.233; 136A.653, subdivision 1; 136A.69; 136A.87; 136C.13, subdivision 4; 136C.15; 136C.61, subdivision 7; 136E.03; 136E.04, subdivision 1; 137.022, subdivision 3, and by adding a subdivision; 141.25, subdivision 8; 141.26, subdivisions 1 and 5; and 583.24, subdivision 4; Laws 1986, chapter 398, article 1, section 18, as amended; Laws 1990, chapter 591, article 3, section 10, as amended; Laws 1991, chapter 356, articles 6, section 4, as amended; and 9, sections 8 and 10; proposing coding for new law in Minnesota Statutes, chapters 136A; and 137; repealing Minnesota Statutes 1992, sections 136A.121, subdivision 10; 136A.134; 136A.234; and 136A.70; Laws 1991, chapter 356, article 8, section 23. (Stumpf; Price; Wiener; Benson, J.E.; Solon)	7	10	7	9	10	19	16	19	2

a Indicates Amendment ( ) Indicates House File Substitution

BILLS OF THE SENATE—Continued

S. F. No.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1993 Laws, Chapter
3	A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76; subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a (Continued next page)	7		9 (HI)					

BILLS OF THE SENATE—Continued

S. F. No.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1993 Laws, Chapter
3	—Continued subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256F.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c. (Samuelson; Berglin; Piper; Day; Sams)									
4	A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024. (Merriam; Moe, R.D.; Flynn; Johnson, D.E.; Frederickson)	9		9	(H2)				
5	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 1992, sections 16B.42, subdivision 1; 115C.02, subdivision 14, as amended; 116.76, subdivision 1, as amended; 116.77, as amended; 116.82, subdivision 3, as amended; 124.914, subdivision 4, as added; 256.969, by adding subdivisions, as amended; 256B.057, subdivision 1, as amended; (Continued next page)	14	15	15	15a	15	19	16	19	6

a Indicates Amendment ( ) Indicates House File Substitution

BILLS OF THE SENATE—Continued

S. F. No.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1993 Laws, Chapter
5	—Continued 256B.0625, by adding a subdivision, as amended; 256B.0913, subdivision 5, as amended; 256B.0915, subdivision 3; 256B.0915, subdivision 3, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 257.071, subdivision 1, as amended; 260.191, subdivisions 3a and 3b, as added; 295.50, subdivisions 3 and 4, as amended, and by adding subdivisions; 295.51, subdivision 1, as amended; 295.52, by adding a subdivision; 295.53, subdivision 3, as amended, and by adding a subdivision; 295.54, as amended; 298.28, subdivision 4, as amended; 477A.013, subdivision 1; Laws 1992, chapter 549, article 9, section 19, as amended; Laws 1993, chapter 206, sections 8, subdivision 1; 25; chapter 340, section 60; chapter 345, article 1, sections 2, subdivision 2; and 8, subdivision 1; article 2, section 5, subdivision 2; chapter 372, section 8; 1993 Special Session H.F. No. 1, article 3, section 29, subdivision 1; article 4, sections 4, subdivision 5; 6, subdivision 6; repealing Laws 1993, chapter 224, article 1, section 31; and chapter 337, section 16. (Reichgott; Knutson)								
6	A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4. (Wiener; Ranum; McGowan; Pogemiller)	17		17 (H3)					
7	A bill for an act relating to state government; abolishing the pollution control agency, the department of natural resources, the environmental quality board, the board of water and soil resources, the office of waste management, the harmful substance compensation board, the petroleum tank release compensation board, and the agricultural chemical response compensation board; abolishing certain powers and duties of the departments of agriculture, health, public service, trade and economic development, and transportation, and the metropolitan council; establishing a task force and a legislative commission to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring. (Pogemiller)	17		17					

a Indicates Amendment ( ) Indicates House File Substitution

SENATE RECORD OF HOUSE BILLS
SPECIAL SESSION 1993

H. F. No.	TITLE	Received from House	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Special Session, 1993 Laws, Chapter
1	A bill for an act relating to human services; appropriating money for human services; amending Minnesota Statutes 1992, sections 62A.045; 116.76, subdivision 14; 116.78, subdivisions 4 and 7; 116.79, subdivisions 1 and 4; 116.80, subdivisions 1 and 2; 116.81, subdivision 1; 116.82, subdivision 3; 116.83, subdivisions 1 and 3; 144.122; 144.123, subdivision 1; 144.215, subdivision 3, and by adding a subdivision; 144.226, subdivision 2; 144.3831, subdivision 2; 144.802, subdivision 1; 144.8091, subdivision 1; 144.871, subdivisions 2, 6, 7a, 7b, 9, and by adding subdivisions; 144.872, subdivisions 2, 3, 4, and by adding a subdivision; 144.873; 144.874, subdivisions 1, 2, 3, 4, 5, 6, 9, and by adding subdivisions; 144.876, by adding a subdivision; 144.878, subdivisions 2, 2a, and 5; 144.98, subdivision 5; 144A.04, subdivision 7; 144A.071; 144A.073, subdivisions 2, 3, and by adding a subdivision; 145.883, subdivision 5; 147.01, subdivision 6; 147.02, subdivision 1; 148C.01, subdivisions 3 and 6; 148C.02; 148C.03, subdivisions 1, 2, and 3; 148C.04, subdivisions 2, 3, and 4; 148C.05, subdivision 2; 148C.06; 148C.11, subdivision 3, and by adding a subdivision; 149.04; 157.045; 198.34; 214.01, subdivision 2; 214.04, subdivision 1; 214.06, subdivision 1, and by adding a subdivision; 245.462, subdivisions 4 and 20; 245.464, subdivision 1; 245.466, subdivision 1; 245.474; 245.484; 245.4871, subdivision 4; 245.4873, subdivision 2; 245.4882, subdivision 5; 245.652, subdivisions 1 and 4; 245.73, subdivisions 2, 3, and by adding a subdivision; 246.0135; 246.02, subdivision 2; 246.151, subdivision 1; 246.18, subdivision 4; 252.025, subdivision 4, and by adding subdivisions; 252.275, subdivisions 1 and 8; 252.41, subdivision 3; 252.46; 252.47; 252.50, by adding a subdivision; 252A.101, subdivision 7; 252A.111, subdivision 4; 253.015, subdivision 1, and by adding subdivisions; 253.202; 254.04; 254.05; 254A.17, subdivision 3; 254B.06, subdivision 3; 256.015, subdivision 4; 256.025, subdivisions 1, 2, 3, and 4; 256.032, subdivision 11; 256.73, subdivisions 2, 3a, 5, and 8; 256.736, subdivisions 10, 10a, 14, 16, and by adding a subdivision; 256.737, subdivisions 1, 1a, 2, and by adding subdivisions; 256.74, subdivision 1; 256.78; 256.9657, subdivisions 1, 2, 3, 7, and by adding subdivisions; 256.9685, subdivision 1; 256.969, subdivisions 1, 8, 9, as amended, 9a, as amended, 20, as amended, 22, as amended, and by adding subdivisions; 256.9695, subdivision 3; 256.983, subdivision 3; 256B.04, subdivision 16; 256B.042, subdivision 4; 256B.055, subdivision 1; 256B.056, subdivisions 1a and 2; 256B.0575; 256B.059, subdivisions 3 and 5; 256B.0595; 256B.0625, subdivisions 3, 6a, 7, 11, 13, 13a, 14, 15, 17, 19a, 20, 27, 28, 29, and by adding subdivisions; 256B.0627, subdivisions 1, 4, and 5; 256B.0628, subdivision 2; 256B.0629, subdivision 4; 256B.0911, subdivisions 2, 3, 4, 6, 7, and by adding a subdivision; 256B.0913, subdivisions 4, 5, 9, 12, 13, and 14; 256B.0915, subdivisions 1, 3, and by adding subdivisions; 256B.0917, subdivisions 1, 2, 3, 4, 5, 11, and 12; 256B.093, subdivisions 1 and 3; 256B.15, subdivisions 1 and 2; 256B.19, subdivision 1b, and by adding subdivisions; 256B.37, subdivisions 3, 5, and by adding a (Continued next page)	11	11	13	13	13	19	1

SENATE RECORD OF HOUSE BILLS—Continued

H. F. No.	TITLE	Received from House	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Special Session, 1993 Laws, Chapter
1	—Continued subdivision; 256B.431, subdivisions 2b, 2o, 13, 14, 15, 21, and by adding subdivisions; 256B.432, subdivision 5, and by adding a subdivision; 256B.47, subdivision 3; 256B.48, subdivisions 1 and 2; 256B.49, by adding a subdivision; 256B.50, subdivision 1b, and by adding subdivisions; 256B.501, subdivisions 3g, 3i, 12, and by adding a subdivision; 256D.01, subdivision 1a; 256D.02, subdivision 5; 256D.03, subdivisions 3, 4, and 8; 256D.04; 256D.05, by adding a subdivision; 256D.051, subdivisions 1 and 6; 256D.35, subdivision 3a; 256D.44, subdivisions 2 and 3; 256E.06, subdivision 2; 256I.01; 256I.02; 256I.03, subdivisions 2, 3, and by adding subdivisions; 256I.04, subdivisions 1, 2, 3, and by adding subdivisions; 256I.05, subdivisions 1, 1a, 2, 8, and by adding a subdivision; 256I.06; 257.3573, by adding a subdivision; 257.54; 257.541; 257.55, subdivision 1; 257.57, subdivision 2; 257.59, subdivision 3; 257.73, subdivision 1; 257.74, subdivision 1; 257.803, subdivision 1; 259.40, subdivisions 1, 2, 3, 4, 5, 7, 8, and 9; 259.431, subdivision 5; 273.1392; 273.1398, subdivision 5b; 275.07, subdivision 3; 326.44; 326.75, subdivision 4; 388.23, subdivision 1; 393.07, subdivisions 3 and 10; 462A.03, subdivision 15; 518.156, subdivision 1; 518.551, subdivision 5; 518.611, subdivisions 1, 2, 6, and by adding a subdivision; 518.613, subdivisions 2, 3, and 4; 518.64, subdivision 2; 525.539, subdivision 2; 525.551, subdivision 7; 609.821, subdivisions 1 and 2; 626.559, by adding a subdivision; Laws 1991, chapter 292, article 6, sections 54; and 57, subdivisions 1 and 3; Laws 1992, chapter 513, article 7, section 131; and Laws 1993, chapter 20, by adding a section; proposing coding for new law in Minnesota Statutes, chapters 115C; 116; 144; 198; 214; 245; 252; 254A; 256; 256B; 256E; 256F; 257; 514; proposing coding for new law as Minnesota Statutes, chapters 144C; and 246B; repealing Minnesota Statutes 1992, sections 116.76, subdivision 7; 116.79, subdivision 3; 116.81, subdivision 2; 116.83, subdivision 2; 144.8721; 144.874, subdivision 10; 144.878, subdivision 2a; 148B.72; 214.141; 245.711; 245.712; 252.46, subdivisions 12, 13, and 14; 252.478; 256.985; 256I.03, subdivision 4; 256I.05, subdivisions 4, 9, and 10; 256I.051; 273.1398, subdivisions 5a and 5c. (Greenfield)							
2	A bill for an act relating to state government; providing for replacement of a state airplane; providing for a budget contingency plan; appropriating money; amending Minnesota Statutes 1992, section 360.024. (Anderson, I.; et al.)	13	14	14	14	14	19	4
3	A bill for an act relating to crime; clarifying certain sentencing provisions relating to repeat violators of the domestic abuse or harassment crimes; correcting an erroneous cross reference; amending Minnesota Statutes 1992, sections 518B.01, subdivision 14, as amended; 609.224, subdivisions 2, as amended, 4, as added; 609.748, subdivision 6, as amended; and Laws 1993, chapter 326, article 2, section 22, subdivision 4. (McGuire; et al.)	16	16	16	16	16	19	5

SENATE RECORD OF COMPANION BILLS AS INTRODUCED SPECIAL SESSION 1993

S.F. NUMBER	H.F. NUMBER	H.F. NUMBER	S.F. NUMBER
1		1	3
2		2	4
3	1	3	6
4	2		
5			
6	3		
7			

CHAPTERS SPECIAL SESSION 1993

CH.#	FILE #
1	HF 1*
2	SF 2
3	SF 1
4	HF 2
5	HF 3
6	SF 5

S.F.#	CH.#	H.F.#	CH.#
1	CH 3	1	CH 1*
2	CH 2	2	CH 4
3	SEE HF 1/CH 1*	3	CH 5
4	SEE HF 2/CH 4		
5	CH 6		
6	SEE HF 3/CH 5		

*Line item veto

SENATE BILLS BY AUTHORS
SPECIAL SESSION 1993

NOTE: The H or S preceding the chapter number indicates whether the House or Senate file was enacted.

* after Senate file number indicates principal author.

MISCELLANEOUS INDEX
SPECIAL SESSION 1993

SENATE ORGANIZATION

EXECUTIVE AND OFFICIAL COMMUNICATIONS

RESOLUTIONS

Subject and Authors	Number	Introduction	Adoption
Adjournment sine die; notification to Governor and House (Moe, R.D.; Johnson, D.E.)	S. Res. #3	17	17
Secretary of Senate to notify House of Representatives and Governor that Senate is organized (Moe, R.D.; Johnson, D.E.)	S. Res. #2	6	6
Senate organized; rules and committees for the special session (Moe, R.D.; Johnson, D.E.)	S. Res. #1	5	5

SPECIAL RECORDS

Chapters Vetoed—

Ch. 1 – H.F. 1 (line item)

Legislative Organization—

Messages from the House—

Vetoes—

H.F. 1: Omnibus health and human services appropriations, item veto—
Art. I, p. 26, lines 24-37: Strep throat study grant appropriation