Session Review

A Publication about the Minnesota State Senate

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n '85: Reaching agreements

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Session Review

Editor's note: This edition of Session Review includes highlights from the 1985 regular and special legislative sessions. Feature articles detail Minnesota's historic tax cut, the negotiations in setting the state budget, the education aids bill, the new jobs program and the changes to Minnesota's Environmental Response and Liability Act. In addition, many of the session's major bills are summarized. A second publication, to be distributed in August, will contain a complete listing of all the bills signed into law in 1985.

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On the cover:

The Senate chamber is filled with activity during the final days of the regular session. As the deadline neared, it became apparent that a special session would be called to resolve major tax and spending issues. Photo by David Oakes.

State lawmakers provided substantial new dollars for arts education in Special Session Chapter 12. The new law also provides for preliminary development of the Minnesota School of the Arts and Resource Center.

photo by David Oakes

Education remains first priority

by Christy C. Fischer

Public schools will enjoy a substantial increase in funding during the upcoming biennium due to the $2.528 billion Education Aids appropriation given approval by the 1985 Senate. The measure, Special Session Chapter 12, sets basic foundation aid at $1,585 per pupil for 1985-86 and $1,690 per pupil for 1986-87. The basic maintenance mill rate will decline from 23.5 to 23 mills for levies payable in 1986, a decision reached after considering the governor's proposal to have the state assume payment of the mill rate.

"It shows a strong commitment to public schools," said Sen. Tom Nelson. Nelson, who sponsored the bill, noted that it represents "almost a 20 percent increase over a two-year period."

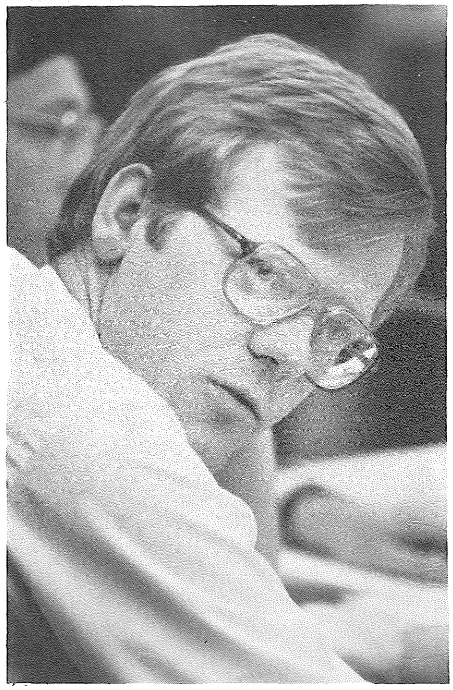
In addition to extra dollars, two funding mechanisms included in the appropriation will aid schools with declining enrollments and conserve pension dollars for the state. Declining enrollment aid, designed to prevent the loss of program offerings, will pay for the employment of one full-time teacher for every 30 students a district loses. Losses will be based on a two-year average and will include AFDC losses. In the area of pensions, school districts will be required to make Teacher Retirement Association (TRA) and Social Security payments. Although payments will be fully state funded and will allow for increases of up to six percent each year, school district payment will save the state dollars and help control rising pension costs. A state appropriation of $412 million is set aside for TRA.

Policy initiative highlights set forth in the law will affect student and teacher testing, special education, arts education, gifted education and technology access in the classroom. Also, a limited version of the heavily debated "open enrollment" plan is incorporated in the law.

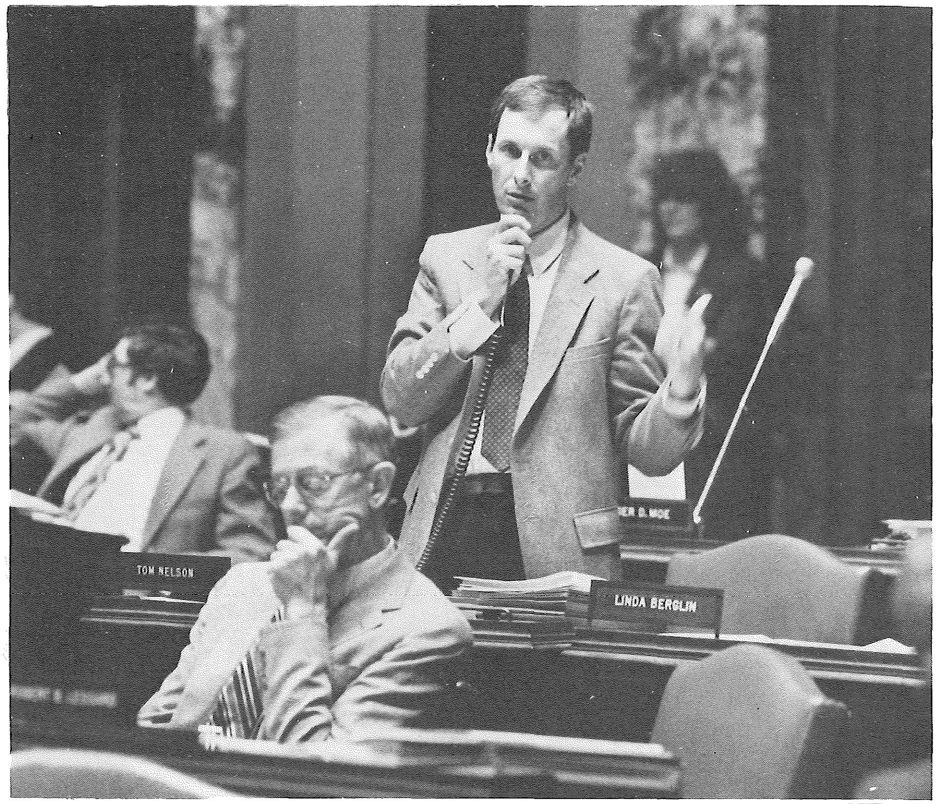
"I think this biennium is the watershed for the next five to ten years," said Sen. James Pehler, chairman of the Senate Education Committee. "It culminates a three to five year process."

Teacher testing was one of the provisions authored by Pehler. Beginning in 1988, requirements for licensure of new teachers will include successful completion of examinations in each field of licensure as well as reading, writing and mathematics. Direction to develop a plan to evaluate teaching skills of new teachers by July 1,

photos by David Oakes



Sen. Randolph Peterson



Sen. Tom Nelson

1986, is also given to the Board of Teaching. Studies on teacher education programs and students entering those programs are initiated as well. Testing, Pehler believes, will give teachers the same credibility and status acquired by lawyers through the bar exam or medical professionals through licensing.

Student testing or assessment is also strengthened. School districts are required to conduct tests (of their choice) in at least two curriculum areas each year. Tests may be acquired from a Test Item Bank developed by the state.

"People are willing to spend more money on the public education system in the state because they feel it's a good system," said Nelson. "They want to see something (like tests) that proves it to them, [that proves] the system is as good as we say it is."

Special education will also see some changes after this session. Special education aid, with a $281 million appropriation, will reimburse school districts for 70 percent of special education salaries with a cap of $19,500 (or a salary of $27,857). District salaries exceeding these caps will be allowed a special levy. Teacher-student ratios for the less severely handicapped in levels 1, 2 and 3 are removed, and educational services are now mandated for three-year-old handicapped children. Earlier session proposals would have added 0-3 year-olds. The old law mandated services for ages 4-21.

When asked about special education funding, Sen. Darrel Peterson said, "We have been a leader in this state in special education. I [would] hate to see us jeopardize that in any way."

Arts education will also see changes. "There is substanial new money for arts education," noted Nelson, referring to the new arts education aid. And, he added, "The frame is there for the arts school."

A major arts education program for elementary students will begin with arts education aid provided at $2.25 times the average daily membership in grades K-6 with a minimum of $1,200 per district. Guidelines suggest long-range arts planning, integration of the arts into curriculum development and professional development, and additional elementary arts teachers. An additional 30 CAPP sites are also authorized by the law. CAPP, the Comprehensive Arts Planning Program, provides $1,250 each year for two years to each site.

The Minnesota School of the Arts and Resource Center will begin preliminary development with a target opening date in the Fall of 1987. Legislation establishes a 15-member board to hire personnel, establish charitable funding mechanisms, develop curriculum and determine the permanent location of the school. The Arts Resource Center will begin offering arts programs to elementary and secondary schools for the 1985-86 school year.

Acknowledging a slight difference in personal and caucus view, Sen. Darrel Peterson stated his support for the arts high school. "I want to see more money go to arts across the state," Peterson said. "I don't see anything wrong with some specialized schools." Specialized schools are needed, said Peterson, "to address the needs of some very talented people, to keep them challenged."

When asked about the increased aid to gifted programs, Peterson responded, "I'm very supportive of that. I hope that in the future we can do even more." He was referring to gifted and talented aid which jumps from $19 per student to $40 per student under the new provisions. Aid is targeted for five percent of the student population, but no district will receive less than $500. Policies and planning for gifted students will also be looked at by an Education Department study.

Technology Demonstration sites, which utilize computers in the classroom, were extended for two more years. And mobile technology integration centers, authorized by 1985 legislation, will travel around the state providing instruction to teachers on ways to integrate computers and technology into the classroom.

The one surviving component of the open enrollment plan will allow 11th and 12th grade students the option of enrolling full- or part-time in post-secondary institutions. The post-secondary institution may be a public institution or a private, residential, photo by Mark M. Nelson

Sen. Darrel Peterson

Sen. Gen Olson

four-year liberal arts college in Minnesota as long as normal application requirements are met. Student tuition, fees, textbooks and other materials will be paid for through foundation aid, and a limited amount of transportation aid is available for students who qualify. The student will receive academic credit at both the secondary and post-secondary levels. The original proposal would have allowed 11th and 12th grade students the option of transferring to any high school of their choice.

Other provisions of the bill grant $3.4 million to Community Education Aid and $11.3 million to Early Childhood Family Education. Secondary vocational aid is set at 41.5 percent of salaries and travel.

"I'm happy about the increased revenue that will be available to schools," said Sen. Gen Olson, reiterating Nelson's feelings. And, she added, "I like the focus that we have on the individual student." She was referring, in particular, to a new Assurance of Mastery program which will assure individual pupil mastery in the areas of communications and mathematics, a measure she authored.

Bills establishing the accomplished changes were developed during almost two months of hearings, during which some of the 80+ studies on Minnesota education were given careful scrutiny. During this time, Commissioner of Education Ruth Randall presented the Governor's "Access to Excellence" proposal with its emphasis on "accountability." And, Former Governor Wendell Anderson of the Governor's Commission on Education for Economic Growth presented the commission's response entitled "Action for Excellence."

Business representatives, including the Minnesota Business Partnership, Minnesota Wellspring and the Minnesota High Technology Council (MHTC) each made separate proposals as well. The MHTC proposed "The One Percent Solution," which would have required $100 million per biennium, or one percent of the state budget, to be dedicated to technological education for the next five bienniums.

The final Education Aids package was developed in response to increasing pressure from both the general public and the business community to improve the public school system in order to more effectively meet current and emerging educational needs in the state.

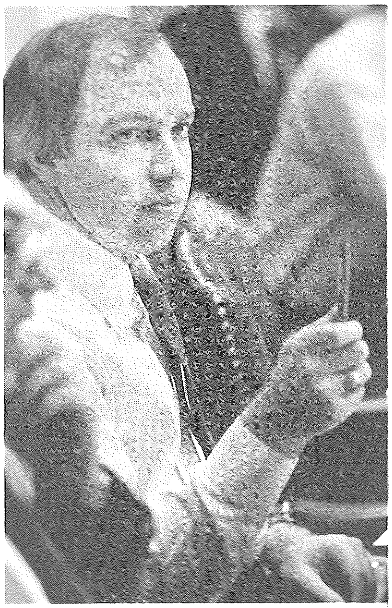
Changing student populations require system adjustments. Statistics from the Dept. of Education show that while elementary enrollment will increase slightly from past levels, by approximately 51,500 from 1982-83 to 1992-93, secondary enrollment will decrease by 48,500 during the same period. The result of a drastic decline in birth rates between 1965 and 1975, these enrollment trends, according to the department, "will have a disproportionate effect on pupil units which are the basis for foundation aids." Although enrollment is expected to level out, and even increase after 1992, it will probably never again reach the level of the early 1970's. Furthermore, the post-secondary population is increasingly composed of part-time students and older students with children.

While overall K-12 enrollment has declined by 21 percent in the last decade, teaching ranks have declined by 11 percent. This parallel decline is expected to continue at a faster pace. With a median age of 42, the professional teaching staff could conceivably be depleted by retirements during the next 10-15 years. In addition, the number of education majors in Minnesota colleges and universities declined by 60 percent during the past decade.

Finally, the competition of the new worldwide economy demands more highly qualified graduates. Although Minnesota ranks above average nationally in public education, its world ranking is significantly lower. A representative of the Minnesota High Technology Council stated that American students ranking in the top fifth percentile in high school science would only rank in the top 50th percentile in Japan.

With such a myriad of internal and external pressures placed on education, the question before the Senate was how to improve the established state system. As Sen. Randolph Peterson pointed out during a committee hearing, the Senate is dealing with a school year based on an agrarian society, a school day based on an industrial society and a school curriculum based on a post-industrial society. And a changing society demands educational changes to meet its needs. The Senate accepted that challenge.

After a month of intense negotiations, State Department conferees reached agreement on a $1.6 billion spending bill. Conferees include (clockwise from right): Sen. Gerald Willet, Sen. Dennis Frederickson, Sen. Carl Kroening (r) and Rep. Gaylin Den Ouden, Sen. Greg Dahl, Sen. William Luther.



photos by David Oakes
Mark M. Nelson

Conferees negotiate agreements, lawmakers set two-year budget

by Lea Ann K. Buttrick
Christy C. Fischer

In addition to putting together the largest tax relief package in state history, the major appropriations bills were top priorities for the 1985 Special Session. The following pages offer summaries of those measures.

State Departments

The Senate passed a $1.6 billion State Departments spending bill after almost a month of intense conference committee negotiations.

There was no formal debate on the Senate floor before the bill passed 36-26, but lawmakers devoted numerous all-day and late-night conference committee sessions to reaching an agreement.

"There was a massive amount of work," said Senator Gerald Willet, chairman of the Senate Finance Committee. He also commended the conferees and staff for their efforts in the discussions. Willet said the long negotiations resulted in sound public policy. "The outcome was that the Senate prevailed in most cases. We had experience and background. We have done our work."

Senate State Departments Conference Committee Chairman Carl Kroening said a "workable compromise" arose from the weeks of hard work. The lengthy discussions were necessary, he said, to reach agreement on numerous non-spending portions in the legislation. "The Senate was thwarted on many issues during the regular session which were then put into the state departments bill," he said. "The significant thing is that we were able to revive and pass many important bills that died during regular session," Kroening added.

Senate State Departments conferee Dennis Frederickson agreed that the legislation is "a real compromise." He said that the law reflects public support of trimming government growth. "It coincides with the tenor of the legislative session to cut taxes, cut spending and hold down expenses," he said.

Special Session Chapter 13 allocates $950 million from the General Fund and represents several cost saving measures. Kroening said the bill cuts 42 positions from state government, $1.5 million from state forestry spending and $1.3 million from tourism spending. "What we had to cut was very painful," said Kroening, but he added that the cuts were necessary to reach agreement.

A major source of disagreement for conferees was the funding of the 911 emergency telephone service. Under the agreement, reached late in the negotiations, the service will receive state General Fund dollars until January 1, 1987. After that date, the service will be supported by a statewide user fee of about 14 cents per month.

The bill allocates $4 million over the next two years for maintenance of 44 regional parks in the metropolitan area. Willet pointed to a study indicating "significant statewide use in metro area parks." He said statewide use of the parks justifies statewide funding of the metro regional parks. Frederickson said, however, that he would rather have allocated the money to fund state park systems.

The compromise also includes $3 million in fee increases for state parks, hunting licenses and fishing licenses. The bill also allocates up to $750,000 for purchase of the Minnesota Zoo monorail.

Lawmakers disagree on some specifics in the new legislation, but acknowledge that give and take is necessary in the legislative process. "I think it will curtail programs somewhat," said Frederickson, "but we must restrain spending." Willet said the overall 5.5 percent reduction in state agency spending over the last biennium is necessary. "It has some shortfalls," he said, "but the outcome is good."

Agriculture, Transportation and Semi-State Agencies

The first of the major spending bills to be agreed upon by negotiators from the Senate and House of Representatives was the appropriations bill for the departments of agriculture and transportation and for the semi-state agencies. Senate conferees on the measure were led by the chairman of the Finance Subcommittee on Agriculture, Transportation and Semi-States, Sen. Keith Langseth, and included Senators Marilyn Lantry, Clarence Purfeerst, Robert Schmitz and Lyle Mehrkens. The bill appropriates $1.987 billion to fund those agencies and departments for the next biennium.

photo by Mark M. Nelson

Sen. Keith Langseth

According to Langseth, negotiations began with a $10 million difference in General Fund appropriations between the Senate and House versions. That difference was resolved by the Senate reducing the total amount of their proposal by $6 million and the House increasing their proposal by $4 million. The largest reduction, about $2.8 million in the Senate proposal, Langseth said, came in the area of transit funding. In addition, Langseth said that a $10 million appropriation the Senate had earmarked for light rail transit was reduced to $1.75 million and that the remaining $8.25 million will go, instead, to the MTC operating budget.

Other significant transportation provisions, contained in Special Session Chapter 10, include a requirement that the Regional Transit Board spend a minimum of $11 million for Metro Mobility services; a requirement that the Regional Transit Board prepare a fare policy by 1987 and a requirement that a minimum user-recovery rate of 35 percent of operating costs for regular route service be imposed; a prohibition on the expenditure of any public funds for light rail transit without legislative authorization and a requirement that the Department of Transportation consider projects on the Great River Road system as a high priority for available federal highway trust fund dollars.

The Department of Public Safety received a General Fund allocation of $154.4 million, which included provisions for a complement of 511 positions for state-funded patrol offices; the establishment of six-year license plates for motor vehicles and authorization for the imposition of increased fees of $2.00 for motorcycles and motorized bicycles and $3.00 for passenger cars for license plates.

A General Fund appropriation of $32.7 million was allocated to the state Department of Agriculture. Included in the allocation are provisions for transfer of $4 million to the family farm security account and $6 million for family farm security interest payment adjustments. The law also directs the commissioner of agriculture to conduct a study on consolidating the functions and responsibilities of the Soil and Water Conservation Board, the Water Resources Board and the Southern Minnesota Rivers Basin Council into a single entity.

Under the measure, the Department of Commerce is allocated a total of $16.667 million. Major provisions include changing the pre-licensing requirement for insurance agents to require 30 hours of classroom instruction in basic fundamentals and 15 hours of specialized training for each kind of licensure; requiring health insurance policy and providers such as HMO's to treat pregnancy as any other medical condition; and providing for public representatives, to be appointed by the governor, on the board of the auto assigned risk plan.

A total of $18.37 million is appropriated to the state Historical Society, of which $16.76 million is to be used for society operations. Other provisions include requiring the Historical Society to conduct a seven-day-a-week tour program in the Capitol and other historical buildings and requiring the society to provide 20 hours per week employment to a blind tour guide. In addition the measure allocates $2.6 million to the Public Utilities Commission, $1 million to the Charitable Gambling Board, $398,000 to the Ethical Practices Board and $5.494 million to the State Arts Board. Finally, the measure places the chair of the Metropolitan Council and the chair of the RTB in the $50,000-$60,000 salary range and sets a salary range for the chairs of the Airports Commission and Waste Control Commission.

Higher Education

Lawmakers significantly increased state funding of higher education during the 1985 special legislative session when the Senate passed a $1.5 billion spending bill.

Special Session Chapter 11 funds the State University System, the Community College System, AVTI's, the University of Minnesota, the Department of Education and the Higher Education Coordinating Board (HECB). The act also makes several changes in financial aid programs.

All of Minnesota's higher educational institutions will receive increased funding over the next biennium. Senate Higher Education Conference Committee Chairman Gene Waldorf said that improved economic conditions in Minnesota gave lawmakers the opportunity to increase funding for higher education after deep cuts were made during the state's fiscal crisis in the late 1970's.

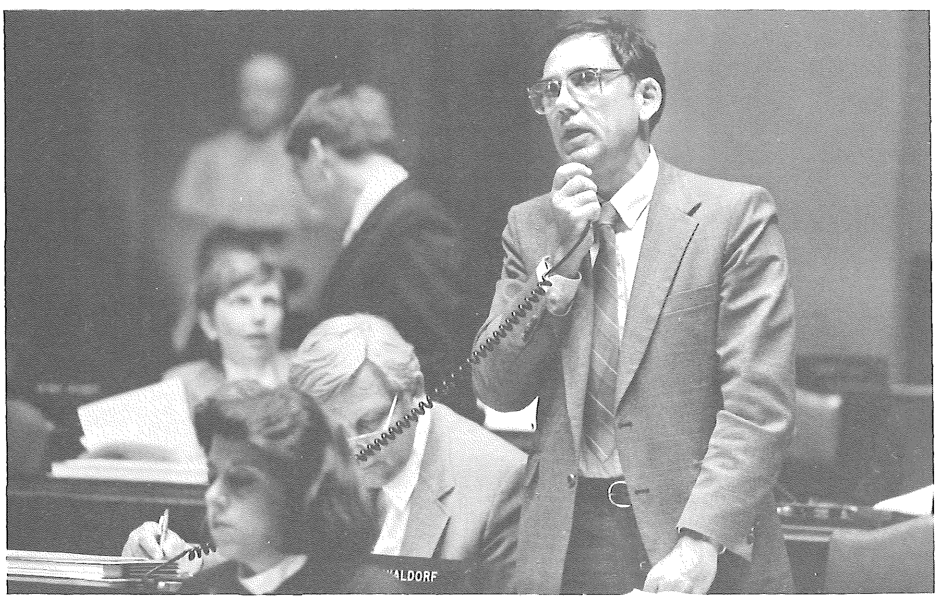
Fellow Senate conferee Glen Taylor agreed. "Education is a high priority with us. This helps make-up for lower levels of spending in the past," he said. Waldorf explained that the allocation is money well spent. "A well educated public is probably the most significant investment that we can make in the future," he said, "I think private industry agrees with that."

Under the legislation, the University of Minnesota will see a 17.7 percent increase in state funding over the previous biennium through a $709 million allocation. The act sets State University System funding at $241 million for the two year budget period, representing a 14 percent increase in spending. Funding for the Community College System increases 15.9 percent to $122 million for the biennium. Minnesota's AVTI's will receive $285 million, representing a 15.4 percent increase. The act also funds the HECB at $136 million and the Department of Education at $45 million.

New provisions in the $112 million state scholarship and grant program are designed to provide opportunity for non-traditional students. For example, financial aid will be made available to part-time students. "What we saw happening a couple of years ago," said Taylor, "was more people going back to school. We should recognize that." Waldorf agreed. "There are a number of single parents and working people attending part-time. There is evidence of a growing number of non-traditional students," he said. Taylor predicted that need for the program will continue to climb. "I think it will continue to grow by leaps and bounds," he added.

Financial aid changes will also be made for students from family farms. The change provides that the value per acre of a family farm shall not exceed the average value per

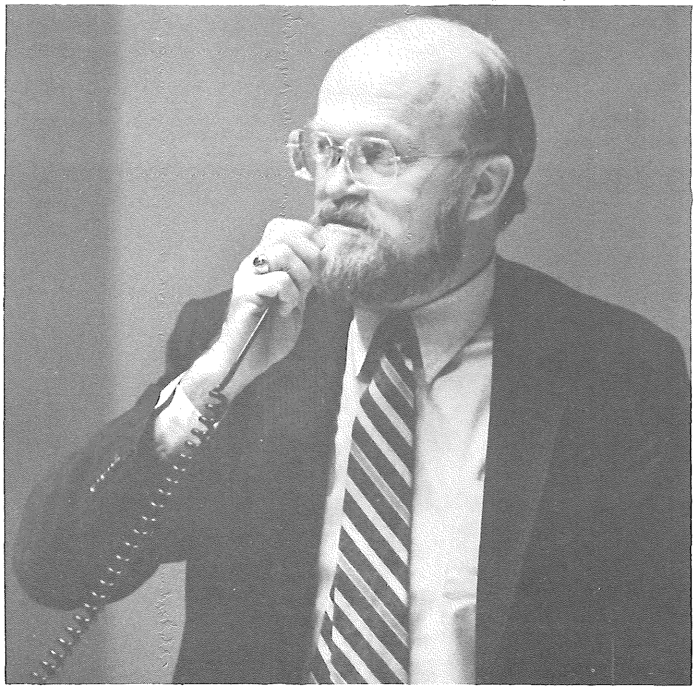
photos by Mark M. Nelson



Sen. Gene Waldorf

photo by David Oakes

Sen. Don Samuelson



Sen. Howard Knutson

acre in the county in which the farm is located when calculating financial aid eligibility. The new formula will make it possible for farm families with high asset value and low income to qualify for financial aid.

Another provision of the bill directs the HECB to study the possibility of contracting for unique educational services. The study will look into services similar to the proposal to fund the materials engineering program at St. Thomas College in St. Paul. This funding was not included in the final bill. Waldorf said, "the funding was difficult to concede." He added that the concession was necessary for conferees to reach agreement. "The rest of the bill was easy to compromise," he said. "An awful lot of Senate positions were included in the final bill. The emphasis on education was maintained. I'm very comfortable with the result," he concluded.

Health and Human Services

"The emphasis on jobs and training for those in need of special help for employment" is perhaps one of the most significant aspects of the Health and Human Services General Fund appropriation, according to Sen. Don Samuelson. As chair of the Senate Finance Health and Human Services Subcommittee, he feels that the funding mechanism, Special Session Chapter 9, "is a responsible compromise between the Senate and the House." The law appropriates $2.053 billion for the 1986—87 biennium, a 6.6 percent increase over the previous biennium. The budget also decreases the number of state positions in those departments by 220.

The law grants a one percent cost-of-living increase for AFDC (Aid to Families with Dependent Children) and GA (General Assistance) recipients to the Dept. of Human Services. Other provisions include an increase of $5.5 million for sliding fee day care, an increase of $22.4 million to medical vendors, an increase of $31.2 million for nursing home care and an increase of $17 million for expansion of the Nursing Home Pre-Admission Screening and Alternative Care Grants Program. A five percent cap is placed on hospital reimbursement rates.

With the creation of a new Job Readiness Program, GA will change its role in relation to the approximate 20,000 "employables" in Minnesota. "It tightens up our GA program," said Sen. Howard Knutson. The program consists of three tiers of service and is funded at a total of $67 million with $60 million provided for job readiness grants and medical expenses and $7 million provided for county program costs. The first tier will provide job service assistance and two months of payments within a two-year period for those considered "job ready" and living where jobs are available. The second tier will provide employment assessment, job readiness assistance and job search transportation costs as well as six months of grants during a one-year period for those who are borderline "job ready" or who live where jobs are unavailable. The third tier will provide GA payments to clients for an indeterminate period of time until they are ready to enter the job readiness program. Approximately $120 million is provided for GA clients who are considered exempt from the work readiness program.

The new Department of Jobs and Training will receive an approximate $27 million to fund a variety of wage subsidy program packages.

Youth employment funds are also provided under an appropriation of $4.7 million for the Summer Youth Employment Program, of which $150,000 each year will go to the Youth Intervention Program. A marriage license fee increase from $40 to $45 will provide additional funds for the Displaced Homemaker Program, and five percent transfers from the federal low-income home energy assistance block grants were made to weatherization programs and to the Community Services Block Grant Program.

The Dept. of Health receives a $24 million subsidy for Community Health Services and $8.7 million for Maternal and Child Health Care Programs from the General Fund. A smaller amount of $1.5 million is provided for the training of police officers and firefighters in EMT (emergency medical techniques).

The Community Corrections Act is funded with an additional $664,800 to add nine counties to the Community Corrections Program in the Dept. of Corrections, and county parole and probation services receive funding from an increased driver's license restoration fee (after suspension for DWI). The fee was increased from $100 to $150, and corrections services will receive half of the fee.

When asked about the overall package, Sen. Knutson responded, "We worked really hard to try to do the best we [could]." When asked about the issues of prepaid health plans and home health licensure, which did not survive this session, Knutson said, "We should be able to come to some agreement in the next year."

photo by David Oakes

Sen. Lawrence Pogemiller

Pogemiller:

"Voters have asked us to make government work better . . . with a system that will help citizens, not bureaucrats."

Jobs plan aids training, placement

by Lea Ann K. Buttrick

A package re-directing Minnesota's jobs and income maintenance programs passed the Senate as part of the tax bill and the health and human services spending bill during the special legislative session. The new program is the result of several weeks of negotiations and work by legislative conference committees.

The package was first introduced to lawmakers through a bill offered by Senator Lawrence Pogemiller during the regular session. "Our goal is to reduce both unemployment and welfare case loads simultaneously. The potential of tremendously changing two of the biggest delivery systems in the state is very exciting," he said. The ideal, according to Pogemiller, is a system that will train the unemployed and aid individuals in finding jobs rather than just issuing income maintenance checks.

The overall design to re-direct and streamline government organizations to better serve clients is contained in the tax bill. The reorganization plan abolishes the Department of Economic Security and creates a new Department of Jobs and Training and an Office of Full Productivity and Opportunity. The Department of Jobs and Training will work with county governments to design and implement job and training programs. The Office of Full Productivity and Opportunity will oversee the consolidation of existing state programs under the new department.

Local governments are given a number of employment and training options under provisions in the tax bill.

A new program to replace the Minnesota Emergency Employment Development program (MEED) will coordinate the federal Jobs Training Partnership Act (JTPA) with grant diversion and other funds to subsidize wages for public assistance recipients. Another option will be to provide temporary public employment through a Community Investment Program (CIPs). The temporary jobs in such community projects as soil conservation and weatherization will serve as a transition into private sector employment. Counties will also have the option of requiring income maintenance recipients to accept a temporary public service job through Employment Experience Programs (EEPs). Counties that choose this required work option will not be eligible for state wage subsidy funds and cannot establish CIPs. The law also extends pilot Community Work Experience Programs (CWEPs) for two years and allows for creation of eight more CWEP pilot projects. Counties cannot require participation in this program unless the client has refused an employment opportunity or training.

The jobs and training package is designed to eliminate road blocks that prevent people from obtaining or seeking employment. For example, a sliding fee for child care services and funds for transportation and other support services will be made available to job seekers. The measure also provides for an employment and training program for the structurally unemployed. It will allow photo by Mark M. Nelson

Benson:

". . . we're going to harness, direct and control the free market system. Historically, that has produced negative results."

Sen. Duane Benson

participants to enroll in classroom and on-the-job training.

The health and human services spending bill includes a general assistance and job readiness program funded at $94 million. The allocation will provide about $60 million for job readiness grants and medical expenses, $27 million for wage subsidies and $7 million for job readiness expenses and administrative costs.

Health and Human Services Senate Conference Committee Chairman Don Samuelson said that several weeks of conference committee work resulted in a "compromise among people who have very different views." He said the program provides an excellent balance between jobs emphasis and support for the unemployed. "This program offers those who are capable of supporting themselves the opportunity to do so," he added, "At the same time, we have preserved the safety net for those who just are not able to fend for themselves."

The job readiness program alters distribution of income maintenance checks. Under the program, General Assistance recipients will be divided into three tiers. The first tier is designed for job ready clients who live where suitable jobs are available. People in this category will undergo an "intensive job search" while being provided with two months of job readiness payments in any 24 month period. It is estimated that 5,000 recipients will require assistance under tier one.

Tier two is designed for clients who are not job ready and live in high unemployment areas. Clients at this level will receive work readiness payments for six months every 12 months while receiving employment assessment and job search assistance. Tier two will handle an estimated 12,000 case loads.

Tier three will continue general assistance payments to candidates not suitable for employment or job readiness. Samuelson said this tier will provide a "safety net" for approximately 3,000 recipients.

Opponents of the plan say it will create jobs that the market does not demand. Others disagree with the wage subsidy concept. Senator Duane Benson, an outspoken opponent of the package, maintains that the system could award wage subsidies to one company, thus giving it an unfair advantage over a competitor. "The state will be subsidizing wages for jobs, but who will get subsidies? Which companies will the state bless?" asked Benson. He said that he is concerned with increased government involvement in business. "There seems to be an overall theme that we're going to harness, direct and control the free market system. Historically, that has produced negative results," said Benson. He is also opposed to the new Office of Full Productivity and Opportunity. The coordinator of the new office will garnish too much power, he said. "Whenever you consolidate power, you lose accountability," he added.

Pogemiller said the position needs authority if it is to effectively reorganize and streamline existing state programs into one department. He indicated that the coordinator should be tough but sensitive to the need to massage and encourage the various delivery programs to work with the system.

Pogemiller said he is optimistic about the new program but added that a better job could be accomplished with a higher funding level. "The level of funding is not enough to help everybody," he said, "but we will try to spread it equally around the state and to enhance funding in the future."

Senators say the new legislation is responsive to a call from the public for more efficient government. Pogemiller said, "Voters have asked us to make government work better. They have asked us to move into the 1980's and 1990's with a system that will help citizens, not bureaucrats. That is what this plan accomplishes."

Tax conferees negotiate a plan to provide Minnesotans with the state's largest tax cut.

Minnesotans get largest tax cut

by Steve Senyk

The 1985 Legislature made history during the Special Session by passing Minnesota's largest tax cut. The new law delivers nearly $900 million in income tax cuts, property tax relief, sales tax reductions, job initiatives, and economic development aid.

Income taxes

The greatest portion of the tax relief is the $880.7 million, or 17.1 percent, income tax reduction. In addition to those cuts, the new law simplifies the income tax system by conforming various state provisions to federal law. Thus, Minnesota's tax return is reduced to one page, while several complicated tax forms and instructions are eliminated.

The biggest controversy between Senate and House tax conferees centered on whether state taxpayers should be allowed to claim federal deductibility, which allows them to deduct their federal taxes when determining Minnesota's taxable income. Senate DFL lawmakers claimed eliminating the deduction would benefit more income taxpayers because the overall tax rate would be lowered. House IR members argued that maintaining the deduction would protect against possible future tax increases.

In order to resolve the impasse, Senate and House tax conferees gave Minnesotans the option of whether or not to deduct federal taxes. Those choosing federal deductibility will pay a top income tax rate of 14 percent. Those not deducting their federal taxes will pay a top rate of 9.9 percent. According to Department of Revenue officials, 47 percent of the taxpayers, mainly those with incomes below $100,000, will pay lower taxes without federal deduction. About 34 percent would receive a greater tax cut by claiming the deduction. And 19 percent would find no difference with or without federal deductibility.

If Minnesota's lower rate of 9.9 percent is used in national comparisons, the state's income tax rate ranking would drop from first to fifteenth in the nation.

State lawmakers also resolved the income tax inequities between married couples having one wage earner and couples who both earn a wage. Presently, one-wage-earner married couples with incomes between $15,000 and $50,000 pay the highest income taxes in the nation, while two-wage-earner couples pay considerably less. Under the new law, married couples are required to file a joint return and to pay taxes based on their combined incomes. Thus, one-wage-earner couples will receive substantial tax reductions. Furthermore, Minnesota's tax burden will not rank higher than fourth in the nation at any income level for any filer.

To achieve a simplified one-page form, lawmakers conformed several state tax provisions to federal law. Those changes include allowing a deduction for Individual Retirement Accounts (IRA); eliminating the

photo by Mark M. Nelson

addition of picked-up public employee contributions; repealing the state's farm loss modification; adopting federal limits on charitable contributions and repealing many special credits, including the pollution control credit, the residential energy credit, the low income credit, and the homemaker credit. (The credits for child and dependent care and political contributions will remain).

Property tax relief

Special Session Chapter 14 also provides an additional $44.8 million in property tax relief. Most of the relief is aimed at helping homeowners living in high-tax communities and at the state's farmers.

Currently, the homestead credit equals 54 percent of the property tax on the first $67,000 of homestead market value and limits the credit to $650. The new law increases the maximum allowable credit to $700 and sets it at 54 percent of the property tax on the first $68,000 of homestead market value. This provision provides about $21.3 million in property tax relief for homeowners in high tax districts.

Another $21.8 million in property tax relief is for farmers. The agricultural credit is increased from 33 percent to 36 percent on the first 320 acres of homestead property; from 15 to 26 percent on the next 320 acres of homestead property and the first 320 acres of non-homestead property; and from 10 percent to 26 percent on homestead property that exceeds 640 acres and for non-homestead above 320 acres and timber property. Also, the assessment classification ratio for farm land is reduced from 19 to 18 percent for taxes payable in 1986 for all non-homestead farms and homestead farms valued over $64,000.

An additional $10.6 million is provided in property tax relief through an increase in the local government aid formula. Also, aid to townships is increased by $1.3 million and an additional $800,000 in aid is provided to counties.

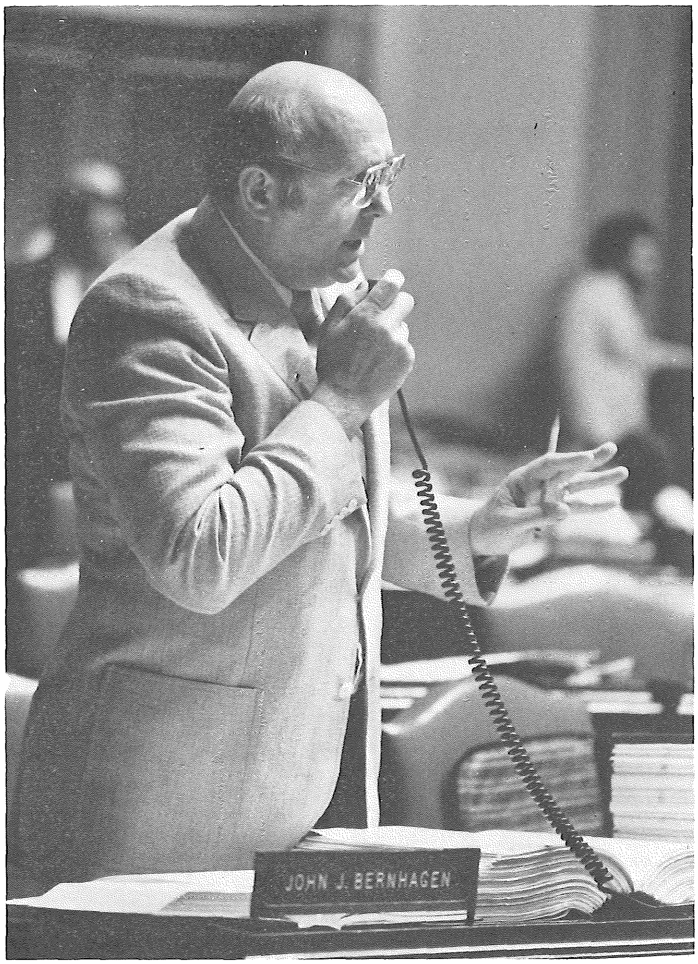
Sales tax

In order to aid Minnesota's financially troubled farmers, state lawmakers enacted sales tax relief measures. Farm machinery parts are now exempted from the sales tax, and the sales tax rate on new and used farm machinery is reduced from 4 to 2 percent. These provisions will add an additional $44.4 million to the farm economy.

Also exempted from the sales tax are sales conducted through school and non-profit organization fund-raising events. The exemption will save the organizations about $4.6 million. And the sales tax on ten-year-old and older cars will be replaced with a $10 flat fee.

Cigarette taxes

The tax bill increases the state's cigarette tax from 18 cents to 23 cents per pack, which would raise state revenue by about $50 million. From that amount, $13.5 million is dedicated to help Minneapolis, St. Paul and South St. Paul separate their combined storm and sanitary sewers in order to reduce polluted discharge into the Mississippi River; $24 million is for wastewater treatment; $4 million for health education and anti-smoking programs; $2.3 million for maternal and child health programs; and $800,000 for a lead contamination study.



Sen. John Bernhagen

photos by David Oakes

Sen. Douglas Johnson

If the federal government drops its eight cents per pack cigarette tax, the state will raise its tax an additional eight cents. From the additional revenue, $2.3 million would be used for mosquito research and $17.6 million would be added to the wastewater treatment funds.

Economic development

The tax bill also contains $19 million in economic development incentives to aid distressed counties. (A county is "distressed" if its annual unemployment rate is 10 percent or above or if 20 percent of its economy depends on agriculture and its annual unemployment rate is 110 percent of the state average.)

Economic development incentives for distressed counties consist of a sales tax exemption on purchases of over $100,000 in new capital equipment for manufacturing purposes. The new law also provides $8.8 million for reimbursing sales and property tax expenditures and interest rate write downs, of which $4.4 million is to be used within distressed counties.

Jobs program

The tax bill also unifies the state's job training efforts and provides local governments with several employment and training options. Among the provisions, the law establishes a new department to coordinate several state training and job placement programs.

Other provisions

Also in the tax bill, the state estate tax is repealed and replaced with a tax equal to the maximum federal credit for state estate taxes, beginning January 1, 1986. Furthermore, the budget reserve fund is increased to $450 million.

The new tax law is a result of long negotiations between Senate DFL and House IR members. The result of the compromise is a bill that won approval from members of both caucuses and a law that will benefit most Minnesotans.

Senator John Bernhagen, a senior IR member of the Senate Tax Committee, said, "Overall, it is a good package. I would like to have seen more in income tax reductions—I believe we are reducing ourselves from first to fifth in the overall income tax burden—but we may have the opportunity to do more next session." He said the bill will benefit rural Minnesota because of the added property tax relief, sales tax relief and the economic incentives. "I was pleased to see us move in the direction that I have been working toward for several years. The rural areas—the agricultural production areas—have normally been payers and not recipients of our tax system. This is one of the first times that part of my district will get needed state assistance," he said.

Senator Douglas Johnson, chairman of the Senate Tax Committee, is also pleased with the final tax relief package. "Most of the Senate DFL goals are reached in the tax bill. We had a high priority to simplify the tax structure, to drop our tax rate from first to fifteenth and to target relief to the middle class. We also had a high emphasis on providing property tax relief, for homeowners and especially for farmers, and the Senate prevailed in these areas. We also had a major interest in maintaining a strong budget reserve, so that the tax relief remains permanent. We feel it is a good bill for the governor, for the Senate and House members, but especially for the people of Minnesota."

A $2 million victims compensation fund, established under Special Session Chapter 8, will allow individuals to recover damages from the release of hazardous waste.

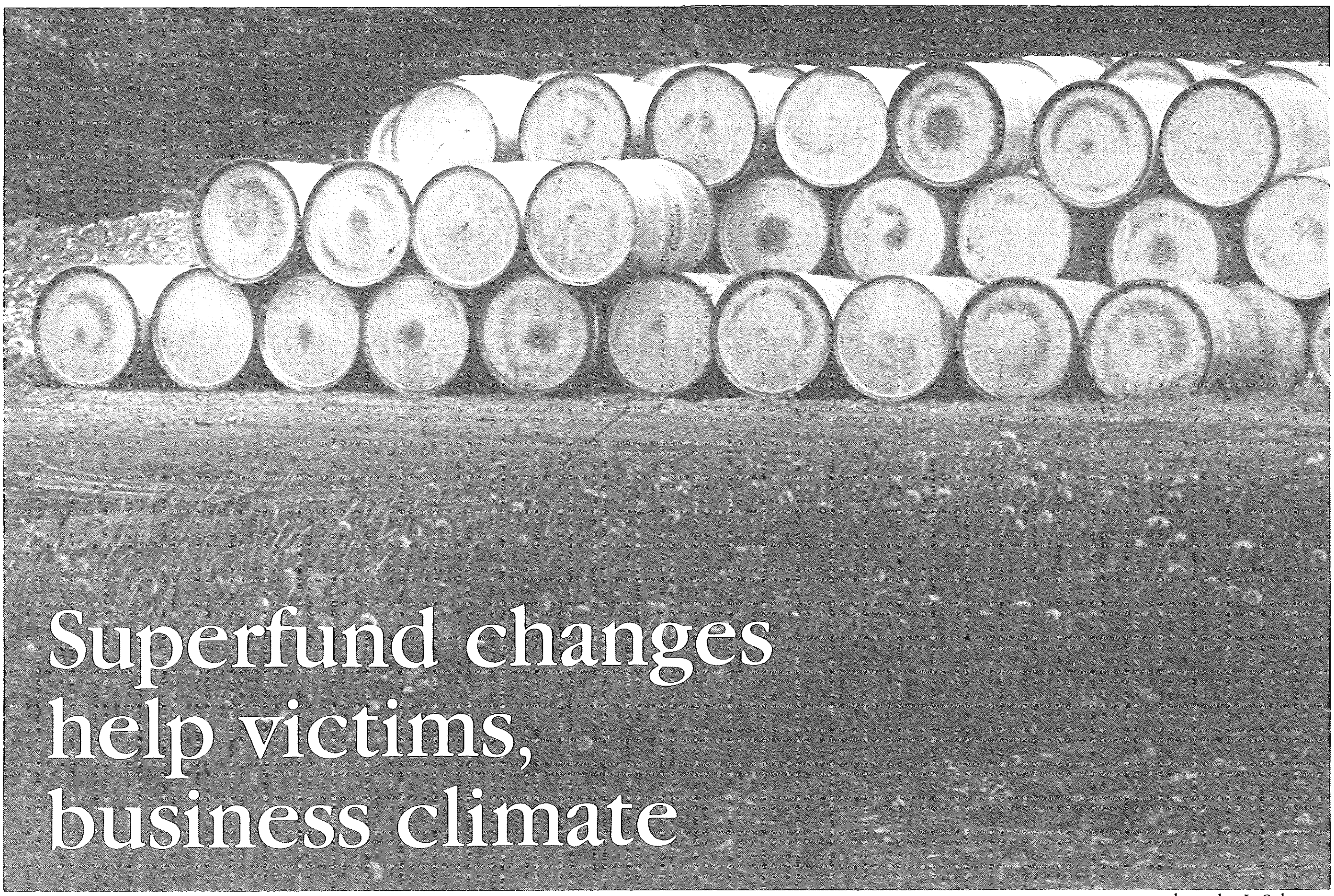


photo by L. Salzman

Superfund changes help victims, business climate

by Karen L. Clark

Minnesota's landmark 1983 Environmental Response and Liability Act was in the spotlight during both the regular and special legislative sessions. At issue were three provisions of the original "Superfund" act and a controversial proposal to establish a hazardous waste victims compensation fund.

Discussion on the three provisions of the "Superfund" act centered on two key elements. First, the business community indicated, through direct testimony on the part of organizations such as the Minnesota Association of Commerce and Industry, that the original law demonstrated an "anti-business" attitude on the part of the state legislature. The business climate debate has, for several years, been a pervasive argument touching a variety of environmental, economic development and taxation issues. And, along with the perception of an "anti-business" attitude was the difficulty many firms had in obtaining environmental liability insurance as a result of the "Minnesota exclusion" placed on writing such insurance by the Lloyds of London insurance consortium. These two elements set the stage for further action on the original 1983 law.

The result of the session-long debate was a compromise law that addresses the concerns of both the business community, which advocated changes in the "Superfund" act, and of the environmentalists who advocated the establishment of a hazardous waste victims compensation fund.

The chief architect of the original MERLA statute, Sen. Gene Merriam, also undertook the sponsorship of the amendments to the "Superfund" act. "The result," Merriam said, "is a law that is still the strongest law in the country but does address the concerns of the business community." In addition, early in the session, a bill establishing the victims compensation fund, authored by Sen. Collin Peterson, began making its way through the legislative process. During the closing days of the regular session, the victims compensation bill was amended on to the bill making changes to the "Superfund" act. As a result, the two issues became a package to be negotiated with the other body. Sen. Fritz Knaak, a strong supporter of the victims compensation portion of the bill, said, "The law should be looked at as the birth of an important experiment with the establishment of the victims compensation fund." The new law, Chapter 8, was approved on the final day of the special session.

Under the new law there are three areas that are altered from the original environmental response and liability act. First, the "causation" section of the law is repealed. The causation section was originally designed to make it easier to get a case before a jury by defining the circumstances under which a plaintiff might prove a defendant's handling of hazardous waste caused injury or death. According to Merriam, repeal of the causation section will not drastically affect a plaintiff's case because the judicial standards will revert to those of common law. Secondly, the new law changes the retroactive effective date of the existing law. Originally, the date was January 1, 1960. However, the new law changes the effective date to July 1, 1983; the date the existing law was enacted. Finally, the new law changes the liability sections of the original act. A provision for "joint and several liability" is repealed as is a liability provision under "comparative fault."

In addition, the new law establishes a $2 million victims compensation fund and defines the kinds of claims that will be eligible for compensation. Under the compromise agreement reached by House, Senate and gubernatorial representatives, language was devised to specify the procedure for the recovery of damages for personal injury and for limited property damage. According to Sen. Collin Peterson, one of the important aspects of the victims compensation portion of the new law is the "non-adversarial procedure" that is established. Personal injury that may be eligible for compensation is defined as an injury that reasonably could have resulted from exposure to a hazardous substance and is either a medically verified chronic or progressive disease or disability or is a medically verified acute disease or condition that typically emerges after a limited exposure to hazardous waste substances. The law also specifies the conditions under which an injury cannot be compensated.

Compensation for property damage is limited under the law to the reasonable cost of replacing or decontaminating a primary source of drinking water, with a maximum compensation amount of $25,000. However, a provision of the law does provide for losses incurred from selling property at less than the appraised market value under certain defined "hardship" cases when the responsible persons are unknown or if a judgment against the responsible persons cannot be satisfied. Compensation in such cases is limited to 75 percent of the difference between the appraised market value and the selling price but cannot exceed $25,000.

The victims compensation portion of the law also specifies that claims for personal injury must be filed within two years after the injury and its connection to hazardous waste exposure have been discovered and that claims for property damage must be filed within six years of discovery of the damage. In addition, individuals who have received a judgment from a law suit cannot file a claim with the victims compensation fund for the same injury or damage unless the judgment against the responsible persons cannot be satisfied. Further, any individual who has received compensation from the fund cannot file suit in court for the same injury or damage. Finally, the new law allows the state to bring a subrogation action to recover losses compensated by the fund and provides that money recovered through such actions must be returned to the fund. Money for the victims compensation fund will be appropriated entirely from the state General Fund.

"There is no question victims will be better off under this law," Merriam stated. "Victims stand a better chance of compensation and the business community will feel better." The non-adversarial procedures and the evidentiary standards included in the new law increase the likelihood of compensation, he said.

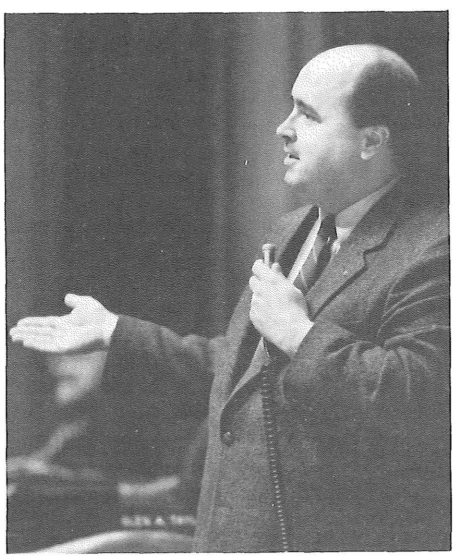
The victims compensation part of the bill is "an important experiment because it parallels the court system," Knaak said. The new law could allow all victims claims to be handled outside the courts and thus provide more opportunity for victims to recover damages.

Sen. Gene Merriam

photos by David Oakes

As for the changes in the "Superfund" act, Merriam admitted that "If I had my druthers, I wouldn't be doing this. There is nothing I am more proud of in my 11 years here than MERLA. But this is the real world and it became clear changes were going to be made this session." According to Merriam there has been a tremendous backlash within the business community since passage of the original MERLA. "I had the choice of taking the high ground and fighting every change or of negotiating and trying to minimize the changes to MERLA," he said.

In describing the amendments to MERLA, Knaak said, "It is unclear whether the changes are that major. I don't think the new law will make it more difficult for litigants." Merriam agreed. "I sincerely believe that 10 years from now, no one will not have collected under the new law who would have collected under existing law," he said.



Sen. Fritz Knaak

As for whether the changes in MERLA will make it easier for businesses to obtain environmental liability insurance, Merriam pointed out that the problem was not unique with Minnesota. "Insurance is increasingly hard to get. The market is very volatile and insurance companies are unwilling to write environmental insurance policies."

Both Merriam and Knaak emphasized that the hazardous waste clean-up provisions of the existing "Superfund" act remain unchanged. "Few states have statutory causes of action and none has as comprehensive a law as we have," Merriam said. "We are lucky in terms of the business climate issue," Knaak said, "that there has never been a lot of opposition to the clean-up provisions of the law. Business is very responsible in Minnesota."

Merriam and Knaak also agreed that further attempts to change MERLA would meet stiff opposition. Merriam said that the amendments to "Superfund" this year were the "bottom line" in alterations he was prepared to support. Knaak echoed the statement, saying, "There is no sentiment in the Senate for other changes. I will oppose any future restrictions."

Merriam concluded that the compromise package is a "win-win" situation for all parties. Knaak conceded that the new law will provide an ideological battleground for some time to come. However, he added, "The one thing we should learn from history is to take care of our natural resources. We have been granted stewardship in order to use them wisely."

Bill Highlights

About 10,000 rural Minnesotans came to the capitol last January to rally lawmakers' support for farm relief proposals.

Farm relief

Lawmakers enacted a farm relief proposal early this session to help farmers obtain operating loans for the spring planting season. As originally enacted, the law appropriated $15.8 million to lower interest rates on new farm operating loans and an additional $9.2 million to encourage lenders to submit troubled loans to the FmHA for debt restructuring and loan guarantee.

Under Chapter 4, the state paid lenders the interest due during the first 60 days on any loans submitted to the FmHA. The interest paid was for the first $25,000 of an operating loan and the first $25,000 of an ownership farm loan. To qualify for the interest buy-down program, farmers had to demonstrate that they had a debt-to-asset ratio of at least 50 percent and failed to show a profit at the current rate of interest. Lenders had to loan the money to the farmer at a 7 to 10 percent interest rate in order to receive the state subsidy. The state paid the lender two-thirds of the interest foregone. The program was for operating loans of up to $75,000.

Later during the session, lawmakers revised the program to encourage lenders to participate. Under the new plan, lenders may receive one-half of the subsidy when the loan is made instead of at the end of the loan period. Also, they are not required to submit loans to the FmHA for loan guarantee. Lawmakers also eliminated the requirement that farmers demonstrate that they cannot be profitable at the current rate of interest.

Moratorium extension

The current moratorium law is extended for two years, until August 1, 1987, under Special Session Chapter 18. Because of the extension, the sale of a farm or home under foreclosure can be delayed by court order to provide owners time to meet their back payments. The delay period is six months for a home; one year for a farm and 90 days for an owner with a contract-for-deed.

To obtain a stay, the owner must petition the court. In reviewing the petition, the court considers if the owner is unemployed, underemployed, facing hardships or has catastrophic medical expenses. If a stay is permitted, the court will then determine the amount the owner will pay.

PERA Changes

The Legislature voted to change the membership of the Public Employees Retirement Association Board (PERA). Under Chapter 11, five of the nine trustees will be appointed by the Governor and three will be elected by association members. The state auditor will serve as the ninth PERA board member. Gubernatorial appointees will represent five areas. Counties, cities and school boards will each be represented by one trustee and a retired annuitant and a public member will also be appointed.

The board is responsible for appointing an executive director. The law also sets the director's salary range.

The secretary of state will oversee association elections. The law also prohibits any ballot marking to indicate incumbency.

Uniform gun laws

Minneapolis and St. Paul will no longer be able to enact stricter gun control ordinances, according to a law enacted this year. Chapter 144, sponsored by Sen. Bob Lessard, eradicates local ordinances that are stricter than the state's gun law. However, the new law permits local governments to regulate the discharge of firearms.

Big Island Veterans Camp

Chapter 152 transfers the responsibility of supervising and managing the Big Island Veterans Camp to a nine-member board of governors. The American Legion, the Disabled American Veterans, the Military Order of the Purple Heart and the Veterans of Foreign Wars will each appoint two members to the board. The appointees will serve two-year terms, and at least two members must be Vietnam veterans.

The board may maintain the camp or sell it at market value. Governmental agencies interested in purchasing the land would then have until the end of the 1986 legislative session to purchase the property. Proceeds from the sale of the land would be used for veterans programs.

Solid waste recycling

By the year 1990, solid waste generated within the seven-county metropolitan area would be sent first to resource recovery facilities, according to a new law enacted this year. Under Chapter 274, waste disposal facilities within the metropolitan area cannot accept mixed municipal solid waste, beginning in 1990, unless it is from a resource recovery facility. The law also reiterates that counties may require households to separate their waste for processing.

Sponsored by Sen. Gene Merriam, the new law also allows the Metropolitan Council to use landfill abatement funds for grants and loans to help develop a market for reusable and recyclable waste materials, to assist solid waste management planning, to help develop resource recovery projects and to educate the public about resource recovery.

Decompression chamber ban

Chapter 270, authored by Sen. Florian Chmielewski (DFL-Sturgeon Lake), prohibits the killing of animals by a decompression chamber, which reduces the amount of oxygen in the air. Violators of the new law are guilty of a misdemeanor.

Two-deer season

The commissioner of natural resources may allow hunters to take two deer during a calendar year by either firearm or bow and arrow, according to Chapter 272. The new law is to aid the department in reducing highly populated deer herds. Under the law, the commissioner may require the hunters to purchase an additional license. The new law also requires the Dept. of Natural Resources to remove all elk from the state's agricultural areas. The law is sponsored by Sen. LeRoy Stumpf.

Hearing aid licensure

Licensing of persons who sell hearing instruments was initiated under Chapter 290. The law requires the commissioner of corrections to examine applicants for licensure and allows those licenses to be suspended, revoked or denied under specified conditions. Also authorized is a reconsideration of the application for credentialing of speech language pathologists and audiologists.

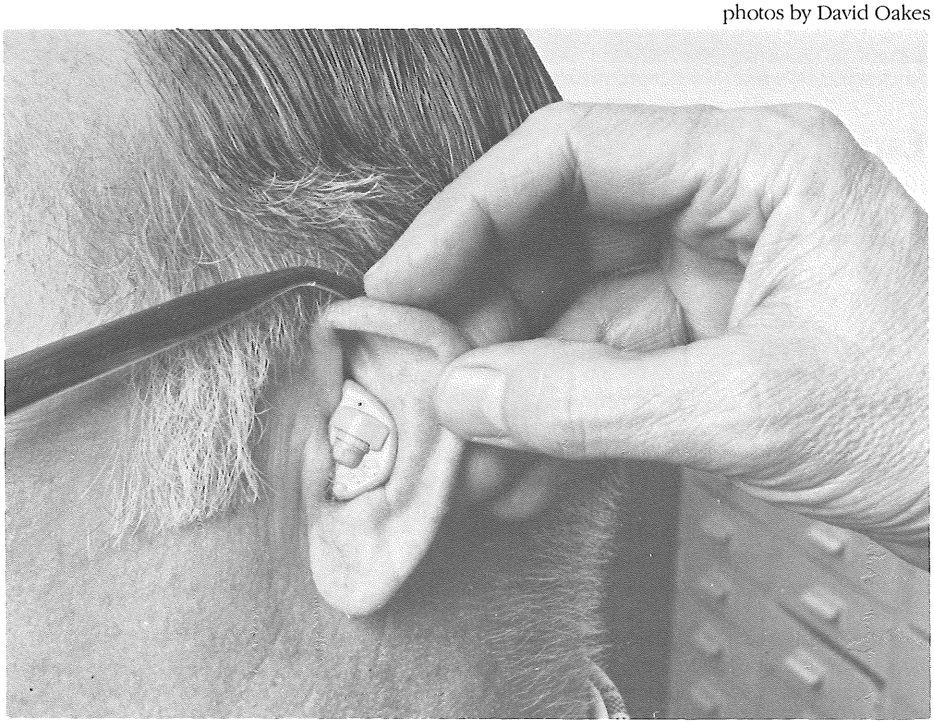
Crime victim services

A Minnesota crime victim and witness advisory council is created by Special Session Chapter 4. The law provides for the appointment of a 12-member council to review treatment of victims by the criminal justice system and to assess the need and availability of services to victims. In addition, the office of crime victim ombudsman for Minnesota is established to investigate complaints concerning victim services and violations of crime victims' rights. The ombudsman will also provide public information and victim referral services.

The membership of the crime victims reparations board was also altered by this law. The size of the board was increased from three to five members, and those members are to sit on the crime victim and witness advisory council as well. Membership is to include one victim and one physician, and the requirement that one member be an attorney was eliminated. The maximum amount of reparation for injury or death was increased from $25,000 to $50,000.

Chapter 4 also increases the penalty for conviction of certain hit and run violations to a felony punishable by up to five years imprisonment and/or a $10,000 fine. Drunk driving provisions are subjected to certain administrative procedures, and the Dept. of Public Safety is required to file all driver's license photographic negatives for department use as well as law enforcement and investigation purposes.

photos by David Oakes



To protect consumers, lawmakers required persons selling hearing instruments to be licensed.

Chapter 127 restricts the mowing of roadside ditches in an effort to protect pheasant habitat and nests.

Pheasant habitat

Pheasant habitat and nests will be better protected because of a new law enacted this year. Chapter 127 prohibits local road authorities from mowing roadside ditches before July 31 of any year. The new law, sponsored by Sen. Charles Davis, prohibits the grass from being cut more than eight feet from the road. An entire right-of-way may be mowed for safety reasons, but may not be mowed to a height below 12 inches. Also, local governments or the commissioner of transportation may order the roadside to be mowed for safety reasons.

"Baby Doe" law

A bill defining a medically neglected child and authorizing the intervention of the appropriate social service agency upon receipt of a medical neglect report was enacted into law during the session of the legislature. The new law, which conforms state law to federal "Baby Doe" legislation, directs the local social service agency upon receipt of a report of medical neglect to immediately consult with hospital staff and with the parents of the infant to verify that appropriate nutrition, hydration and medication are being administered. In addition, the local agency must also immediately secure an independent medical review of the infant's medical charts and records and, if necessary, seek a court order for an independent medical examination of the infant.

Under the new law, Chapter 283, medical neglect is defined as the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment," under the bill, does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the physicians' reasonable medical judgment, the infant is chronically and irreversibly comatose; providing treatment would prolong dying or be futile in terms of the survival of the infant; or the treatment would be futile in the survival of the infant and the treatment process would be inhumane under the circumstances.

If the court-ordered medical examination or independent review of the infant's medical charts and records leads to the conclusion of medical neglect, the local social service agency is required to intervene on behalf of the infant by initiating legal proceedings and by filing an expedited motion to prevent the withholding of medically indicated treatment.

The new law is authored by Sen. Florian Chmielewski.

Dram Shop insurance changes

Proposed changes in Minnesota's dram shop insurance laws sparked heated debate throughout the legislative session. The resulting law, Chapter 309, places a $300,000 aggregate policy limit for dram shop insurance; limits the amount of damages that may be recovered, except in cases of death which has a minimum compensation of $30,000; and requires all Minnesota drivers to carry underinsured motorist coverage.

In addition, the new law, sponsored by Sen. William Luther, prohibits the subrogation of claims; requires insurers to notify bar owners of the status of claims that have been filed; requires that a bar's license renewal must be accompanied by all claims filed against the bar; and requires licensing authorities to either temporarily suspend a bar's license or impose a fine of up to $2,000 for liquor law violations.

The changes in the dram shop insurance laws were enacted in order to offset the withdrawal of insurance companies from the market and the subsequent increases in insurance premiums bar owners were forced to pay in order to obtain dram shop insurance. An assigned risk plan was established earlier to aid bar owners in obtaining insurance, and several sections of the new law pertain to the assigned risk plan. Under the new law, insurers must give written notice to any bar owner who is turned down for dram shop insurance or who gets an offer for insurance at a rate of 20 percent higher than similar coverage under the assigned risk plan. The new law also requires bar owners to first apply for insurance through the market assistance program before being allowed to participate in the assigned risk plan. Finally, the law provides that the rating plan used for setting premium rates under the assigned risk plan may be set by rule and establishes a formal rule making procedure.

Mandatory underinsurance

Motorists will be protected by mandatory underinsurance coverage under a new law sponsored by Sen. Eric Petty. Chapter 168 requires all Minnesota motorists to obtain underinsurance coverage. The extra coverage pays for damages that exceed insurance policy limits of the driver at fault. The average rate increase for the typical minimum policy holder will be about $12.

The legislation also prohibits car owners from "stacking" insurance policies from several cars to cover damage expenses incurred in one accident.

Set asides for business

Insuring nine percent as the percentage of state procurements for goods and services given to businesses owned and operated by socially or economically disadvantaged persons is the goal of Chapter 296. Authored by Sen. Betty Adkins, the measure requires that the principal place of business be in Minnesota and that contracts be awarded according to geographic distribution. The commissioner of administration is required to set aside three percent of all procurements for these businesses and may use a five percent preference in the amount bid for the remaining contracts. Sheltered workshops were also added to the definition of disadvantaged businesses.

photos by David Oakes

Charitable gambling organizations are given more time to prepare for state regulation under Chapter 3.

Charitable gambling

Under Chapter 3, charitable gambling organizations were allowed to continue operations under existent or created local ordinances until June 1, 1985, if they chose. State regulation, which was scheduled to go into effect on March 1, 1985, was pushed back to June 1, 1985, for those needing more preparation time. The measure was sponsored by Sen. Neil Dieterich. A second law, Chapter 308, extended the June 1 date to July 1 because of the Legislature's special session.

Those affected by the law include churches conducting bingo games as well as veterans and wildlife organizations raising money through bingo games, pulltabs, tipboards and raffles. City and county regulation was to be replaced by state regulation, governed by the Charitable Gambling Control Board, according to a law enacted last year. Under state regulation, a lawful gambling tax of ten percent of the gross receipts less prizes paid by the organization was established.

Nursing home revisions

Nursing home legislation enacted in 1983, designed to aid state allocation of limited Medicaid dollars, was updated by Special Session Chapter 3. Sponsored by Sen. Linda Berglin, the measure makes possible a three-year phase-in of the 1983 case-mix reimbursement system, which reimburses nursing homes according to the value of rental for nursing home property and according to the level of care (1-11) a patient requires.

The law also continues the moratorium on Medical Assistance (MA) nursing home beds and extends the moratorium to include licensure of new private pay beds.

The use of "swing beds," which are licensed hospital beds certified to participate in the Medicare program, is further limited by the law. Hospitals eligible for "swing bed" licensure must meet the following requirements: be located in a rural area with a licensed capacity of less than 50 beds, restrict use of "swing beds" to four beds (an additional three beds may be authorized under certain conditions), limit length of stay to 40 days per hospitalized patient, and limit transitional care of private pay patients to 42 days.

Medicare certification is required of all nursing homes certified as skilled nursing facilities under the new law, and pre-admission screening is required of all applicants to MA-certified facilities regardless of whether they are private pay or Medicaid eligible. A fee will be established for private pay patients.

Other provisions of the law restrict the approval of tax-exempt municipal bond financing for nursing home projects, exempt small-dollar senior citizen bingo games from regulation by the charitable gambling board and provide for studies on cost-containment strategies and the delivery of health care in Minnesota.

Water management

Each county is encouraged to develop and implement a comprehensive water management plan that addresses surface and underground water problems and coordinates water use plans, according to Special Session Chapter 2. The new law, sponsored by Sen. Randolph Peterson, permits counties to delegate the preparation of the plan to a local unit of government, a regional development commission or a resource conservation and development committee.

Counties preparing a plan are to coordinate their planning program with contiguous counties. A county's plan must also be consistent with water plans prepared by other watershed management organizations that are part of the watershed unit or groundwater system.

A comprehensive water management plan must include a description of the expected changes to the environment, land use and development in the county; information about the surface water, groundwater and related land resources in the county; objectives for future development use and conservation of water and related land resources; a description of potential changes in state programs and policies considered necessary by the county to manage its water resources; a description of conflicts between the comprehensive water management plan and plans of other governmental units; a program to implement the plan; and the amount it would cost local units of government to implement the plan. The new law does not, however, allow a plan to mandate projects.

A county's plan is to be submitted for review by local units of government; the appropriate regional development commission; each contiguous county and watershed management organization; and other counties or watershed organizations within the same watershed unit and groundwater system that may be affected by the proposed plan. A public hearing on the plan is also required.

The plan is to be implemented after being approved by the Water Resources Board. Furthermore, local units of government must amend their existing water plans to be applicable to the adopted water management plan.

After the plan is adopted, the county may regulate the use and development of water and related land resources within a municipality. The county also has the authority to acquire property if deemed necessary to implement the plan; to charge for services provided; to establish special taxing districts and issue bonds for capital improvements.

Bonding bill

During the special session, the Legislature passed a $198 million bonding bill, which approves the issuance of bonds for acquisition, construction and improvements of public buildings and facilities. Of that amount, the new law, sponsored by Sen.

Gerald Willet, provides $500,000 for a Minnesota Agriculture Interpretive Center; $5 million of a $60 million request for a new History Center; $4.1 million for the construction of highway rest areas; $545,200 for the Braille and Sight-Saving School and the School for the Deaf; $7.2 million for expansion and improvements to the state's AVTI's; $5.2 million for improvements to the state's community colleges; $14.5 million for the State University System; and $72.5 million for construction and repairs within the University of Minnesota system.

Other bonding that is included in the new law, Special Session Chapter 15: $5.8 million for outdoor recreation facilities; $1.9 million for an environmental learning center; $1.3 million to renovate the state national guard armories; $2.45 million to prepare the conversion of the Historical Society building into the judicial building; $11.4 million for state grants to assist local waste management systems; and $12.75 million for metropolitan parks bonding.

Child abuse reporting law changes

Clarification and improvement of Minnesota's Child Abuse Reporting Act resulted in the enactment of Chapter 266 during the legislative session. The new law addresses problems that arose in the fall of 1984 when a Hennepin County District Court judge ruled that the existing law was unconstitutionally vague. The revised law, authored by Sen. Ember Reichgott, requires that professionals in medicine, social services, education, child care and law enforcement who "know or have reason to believe" that a child is being abused must inform the local welfare agency or the local police or sheriff.

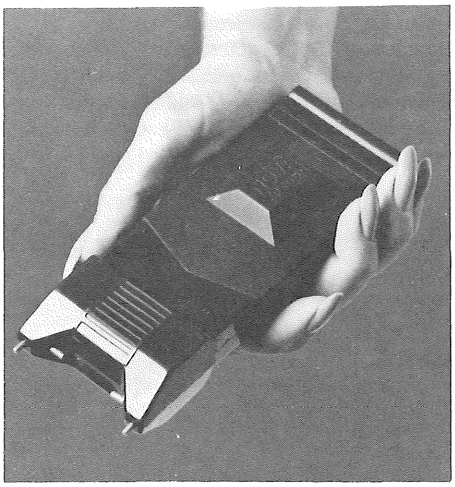
In addition, any other person may voluntarily report to those agencies if the person "knows, has reason to believe, or suspects" child abuse is being commited. Further, those persons who voluntarily report will receive a summary of the results of the report.

Immunity from civil liability is granted to both mandated and voluntary reporters if they made the report in "good faith." Social workers, though, must also exercise "due care" as well as good faith to be granted immunity.

A second new law dealing with judicial procedures in child abuse cases was also enacted this year. Chapter 286 provides protection for child abuse victims by allowing for more informal courtroom procedures in juvenile proceedings, by allowing a supportive person to be with the child in the courtroom during criminal proceedings, by requiring taped or written summaries of interviews with children and by allowing out of court statements by children under ten years of age to be admissable in physical abuse or neglect cases as well as sex abuse cases.

In addition, the new law, also sponsored by Reichgott, provides protection for innocent parents. The law requires that child abuse cases be given priority in the courts in order to speed up the disposition, allows parents to visit their child if the child has been removed from the home, unless the court denies visitation for good reason, requires that a hearing must be held within 60 days after a child is removed from the home and requires that the parents be advised of their right to an attorney and of the time, date and place of juvenile court detention hearings.

Finally, the new law requires that the Sentencing Guidelines Commission develop departure criteria for the sentencing of familial sex offenders; merges the crime of "intrafamilial sexual abuse" with the crime of "criminal sexual conduct" so that the names of child victims will not automatically become public; and requires the court order, as a condition of probation in a stayed sentence, that the offender serve jail time and complete a treatment program.



Chapter 160 regulates the sale and use of stun guns.

Stun gun regulation

Chapter 160 sponsored by Sen. Allan Spear, regulates the use of "electronic incapacitation devices" or stun guns. The devices may be used by police officers and the general public under certain conditions. Minors and people prohibited from owning pistols are prohibited from using stun guns. The devices can be used in self defense, but it is illegal to use them against a peace officer performing his duties.

The act also prohibits the sale of the devices in bars and liquor stores and defines the stun guns as weapons when they are used to commit a crime.

Financial transaction card fraud

Minnesotans who use the popular cards known as "instant cash cards" or bank service cards will be afforded some protection against theft or unauthorized use by a new law enacted this year. Chapter 243, sponsored by Sen. Ember Reichgott, establishes penalties and makes the theft or unauthorized use of financial transaction cards a crime similar to credit card fraud.

Under the new law, "instant cash cards" are included in the definition of "financial transaction cards," which is expanded to mean "an 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, or by any other name issued with or without fee by an issuer for the use of the holder to obtain credit, money, goods, services, or anything else of value, but does not mean a telephone company credit card."

An individual cannot be held liable for charges made to the card if the individual did not accept the card by signing or using the card or authorizing someone else to use the card. Thus, failure to destroy or return an unsolicited financial transaction card is not an acceptance of the card, nor is signing or authorizing another to use the card an acceptance of the card when done under duress.

In addition, an individual cannot be held liable for any amount resulting from the unauthorized use of the financial transaction card after receipt by the issuer of notice that the card has been lost or stolen. Liability is limited to $50.00 before the issuer receives notice that the card has been lost or stolen, provided that the issuer is notified within 60 days of receipt of the bill.

Theft of the card or the card number is defined and penalties are established under the new law as are definitions and penalties for financial transaction card fraud. Those acts constituting fraud include: using or attempting to use a card, without the consent of the cardholder, to obtain property; using or attempting to use a card knowing it to be forged, false, or fictitious; selling or transferring the card knowing that the cardholder and issuer have not authorized the sale or transfer; receiving or possessing, without the consent of the cardholder but with intent to use, two or more cards issued in the name of another; upon application knowingly giving a false name, occupation or substantially misstating assets or liabilities; or falsely notifying the issuer, with intent to defraud, of the loss, theft, disappearance or nonreceipt of a financial transaction card. Finally, a store owner or employee may commit fraud if they knowingly furnish money, goods, services, or anything else of value upon presentation of a card knowing it to be forged, expired, revoked or knowing that it is presented by a person without authority to use the card; or representing to the card issuer that they have furnished goods or services which in fact have not been furnished.

Penalties parallel those for theft and range from imprisonment for 90 days and/or a $300 fine to 5 years imprisonment and/or a $10,000 fine, depending on the monetary value of the fraud or the type of fraud.

Sexual exploitation by psychotherapists

Psychotherapists' sexual exploitation of patients was made a criminal offense under Chapter 297. Having sex with a patient during a psychotherapy session, with a patient or former patient who is emotionally dependent upon the therapist or with a patient or former patient when the act occurs by means of "therapeutic deception" were declared criminal sexual conduct in the third degree. The penalty is a maximum of ten years imprisonment or a $20,000 fine or both. Criminal sexual conduct of a lesser degree under the same three circumstances was made a fourth degree offense with the penalty being a maximum of five years imprisonment or a $10,000 fine or both.

The law defines "psychotherapists" as psychologists, nurses, chemical dependency counselors, social workers, clergy and other persons conducting professional treatment, assessment or counseling of mental or emotional illnesses, symptoms or conditions. Consent by the complainant will not be a defense, and evidence of the patient's personal or medical history will be admissible only in specific instances. With an effective date of Aug. 1, 1985, the law will affect all crimes committed on or after that date.

Under a second law, Chapter 262, the commissioner of corrections will establish a program of public and professional education concerning sexual exploitation by psychotherapists as well as a task force to study the issue. The commissioner is also authorized to conduct background studies on personnel employed by facilities serving children or youth. A legislative study commission on the possible licensing or regulation of psychotherapists is authorized to begin work.

Retail credit increase

All Minnesota retailers are permitted to charge the same interest rate on open end credit accounts under Chapter 57. The legislation permits an across-the-board 18 percent interest rate.

Before the law passed, retailers operated under a split interest rate policy. The old law allowed small retail operations to charge an 18 percent rate but placed a 16 percent interest rate limit on retailers with annual gross receipts over $25 million.

The law, sponsored by Sen. Sam Solon, prohibits major oil companies from charging the higher rate on credit accounts and requires retailers to give consumers adequate notice of an interest rate increase.

Faribault special school

The special state school for the deaf, blind and multiple handicapped located in Faribault was granted continued life under Chapter 240. With the new name of Minnesota State Academy for the Deaf and Minnesota State Academy for the Blind, the residential program will provide instruction in motor, cognitive, language, emotional and social skills for students throughout Minnesota. Short-term enrollment for socialization purposes also is made permissable by the law.

The law requires tighter financial accounting and places the academies under the supervision of the State Board of Education. The board is required to develop a two-year plan for the academies. For staffing purposes, the law places professional supervisory staff in unclassified service and requires that dormitory staff be trained in sign language and/or Braille as well as meeting additional state board standards.

Saturn plant

A $1.2 billion package of tax abatements and incentives was offered to General Motors under Chapter 230 in an effort to attract the Saturn automotive plant to Minnesota. The law requires that the plant provide 5,000+ jobs and a capital investment of at least $3.0 billion in a designated economic hardship area of the state.

Authored by Sen. William Luther, the measure would provide 30 years of property tax and corporate income tax abatements within a designated special enterprise zone in either Cottage Grove or Duluth. Authorized forms of state tax reduction would include an abatement of all corporate income and excise taxes, property taxes, and sales and use taxes on the purchase of construction materials and equipment. An additional $30 million would be granted to the city chosen to be used for property purchase and public improvements, and $5 million would be available for local governments needing subsequent property tax reimbursement.

In addition to tax relief, the bill authorizes appropriations of $4 million for relocation expenses of Saturn employees, $2.2 million for a customized job training center, $2 million for an on-site education and training team and $1.8 million for a Center of Advanced Manufacturing Technology at the University of Minnesota. The Center would concentrate on engineering and scientific studies, research programs, and outreach and technology transfer programs.

Under Chapter 240, children with special needs will continue to be served through the state school for the deaf, blind and multiple handicapped.

photos by David Oakes

The signing of Chapter 294 culminates the efforts of Ms. Roberta Odegaard (second from left) to stiffen the penalties against owners whose pets caused a person's death. Odegaard's son was killed by a vicious dog in the fall of 1984.

Pet owner penalties

Owners whose dogs are allowed to run loose and cause the death of another individual could be charged with second degree manslaughter under a new law enacted this year. The second degree manslaughter charge would apply if the owner knew that the dog had a history of vicious behavior. Second degree manslaughter carries a penalty of seven years imprisonment, a $14,000 fine, or both. If the dog seriously injures another individual and the owner knew the animal was vicious, the owner could be charged with a gross misdemeanor.

The new law, Chapter 294, sponsored by Sen. Jim Ramstad, also requires that pets be properly identified, and provides that an owner may be charged with a petty misdemeanor if the dog bites another person and does not have an anti-rabies vaccination. The law also requires animal shelter personnel to check for identification when receiving an animal and to notify the owner. Finally, the law provides that the court may order that an animal that has caused death or injury be seized by the appropriate agency and destroyed in a proper and humane manner.

Lead use restriction

Two provisions affecting the use of lead in pipes, solders and flux were initiated during the 1985 session under Chapter 279. The first provision prohibits the future use of lead pipe, solders and flux containing more than 0.2 percent lead in any plumbing installation used for potable water supply. Also, Minnesota retailers who sell lead solder containing 0.2 percent lead must display a warning sign for customers.

The second provision requires all schools that have lead solder pipe joints to flush pipes and faucets in order to reduce the lead levels in the school's drinking water system. Pipes must be flushed at least once a year, either prior to fall school opening or after a two-week or longer vacation period. The law also requires the state Department of Health to determine guidelines by July 1, 1986, regulating the necessity and frequency of flushing pipes. The provisions were carried by Sen. Betty Adkins.

Appointment and cable revisions

The governor will have fewer appointments to make according to a new law enacted this year. Chapter 285 transfers the responsiblity of appointing public members to some state boards from the governor to various state department commissioners.

The new law also abolishes the Telecommunications Council and the Cable Communications Board. Rules governing cable communications, which were adopted by the board, are put into law. The responsiblity for overseeing cable communications is transferred to the commissioner of commerce.

Also, the law reduces the size of the Alcohol and Drug Abuse Council and alters the composition of the Gillette Hospital Board.

School start date

All elementary and secondary schools will be prohibited from starting classes prior to Labor Day beginning with the 1986-87 school year. This new law, Chapter 51, was enacted to encourage longer family vacations in the fall and to benefit the Minnesota tourism industry.

A consistent statewide starting date was another goal of the new legislation. Other provisions of the law allow teacher workshops to be held prior to Labor Day and permit summer learning programs and flexible school year programs to continue with no calendar restrictions. Former law authorized each school board to establish the starting date within each district. The new law was sponsored by Sen. LeRoy Stumpf.

Parental notification of abuse investigations

A bill outlining the circumstances under which parents must be notified of a child abuse investigation being conducted in their child's day care center was also enacted into law this year. Chapter 293 applies to facilities licensed by the Department of Human Services, juvenile corrections facilities or hospitals.

The new law, sponsored by Sen. Allan Spear, clarifies that the investigating agency may interview a child alleged to be the victim of abuse or neglect but specifies that the parents or guardian must be notified prior to the interview. The bill also specifies the information that must be given to the parent or guardian.

The new law also addresses the problems of timing and of notifying the parents of other children in the facility. Under the law, the investigating agency is required to notify the parent or guardian of the alleged victim when the report of abuse or neglect is received. Notification of the parents of other children in the facility is discretionary unless the investigating agency "knows or has reason to believe" that the abuse or neglect has occurred. In addition, the law spells out standards for exercising the discretionary notification of parents or guardians of the other children in the facility. When the investigation is complete, the law mandates that all those persons who had been notified of the investigation must receive a written memorandum that includes specific information. The law also provides that when the investigation is complete and if the report of alleged abuse is substantiated or inconclusive, the agency must provide the written memorandum to the parent or guardian of each child in the facility, regardless of whether they had been notified during the investigation.

The new law also provides, in a similar manner, for mandatory and discretionary notification of the families of vulnerable adults when there is an investigation of a report of abuse or neglect in a facility. Under the law, the vulnerable adult has the right to decide that the family or guardian not be notified. Finally, the law provides for the classification of data under the Data Practices Act.

MINNESOTA STATE SENATE

Senate Members—1985 Session

PHONE	PARTY	SENATOR	ROOM*	DIST.
296-5981	DFL	Adkins, Betty A.	235 Cap.	22
6455	IR	Anderson, Don A.	103 SOB	12
5975	IR	Belanger, William V., Jr.	107 SOB	41
3903	IR	Benson, Duane D.	109 SOB	32
5094	IR	Berg, Charles A.	115 SOB	11
4261	DFL	Berglin, Linda	323 Cap.	60
4131	IR	Bernhagen, John	113 SOB	21
2084	DFL	Bertram, Joe	328 Cap.	16
4848	IR	Brataas, Nancy	139 SOB	33
4182	DFL	Chmielewski, Florian	325 Cap.	14
5003	DFL	Dahl, Gregory L.	G-24 Cap.	50
2302	DFL	Davis, Charles R.	G-24 Cap.	18
6820	DFL	DeCramer, Gary M.	303 Cap.	27
2859	DFL	Dicklich, Ronald R.	306 Cap.	5
8298	DFL	Diessner, A. W. "Bill"	325 Cap.	56
8867	DFL	Dieterich, Neil	235 Cap.	63
2877	DFL	Frank, Don	G-28 Cap.	51
4123	IR	Frederick, Mel	119 SOB	30
8138	IR	Frederickson, Dennis R.	143 SOB	23
9307	DFL	Freeman, Michael O.	303 Cap.	40
4314	IR	Gustafson, Jim	132A SOB	8
4183	DFL	Hughes, Jerome M.	328 Cap.	54
9305	IR	Isackson, Doran L.	151 SOB	28
3826	IR	Johnson, Dean E.	105 SOB	15
8881	DFL	Johnson, Douglas J.	205 Cap.	6
4248	DFL	Jude, Tad	235 Cap.	48
1240	IR	Kamrath, Randy P.	133 SOB	20
1253	IR	Knaak, Fritz	149 SOB	53
4120	IR	Knutson, Howard A.	121 SOB	38
4302	DFL	Kroening, Carl W.	G-24 Cap.	57
1945	IR	Kronebusch, Patricia Louise	153 SOB	34
4351	IR	Laidig, Gary W.	145 SOB	55
3205	DFL	Langseth, Keith	G-24 Cap.	9
8017	DFL	Lantry, Marilyn M.	G-24 Cap.	67
4136	DFL	Lessard, Bob	328 Cap.	3
8869	DFL	Luther, William P.	205 Cap.	47
1279	IR	McQuaid, Phyllis W.	132B SOB	44
8075	IR	Mehrkens, Lyle G.	127 SOB	26
4154	DFL	Merriam, Gene	G-24 Cap.	49
4264	DFL	Moe, Donald M.	309 Cap.	65
2577	DFL	Moe, Roger D.	208 Cap.	2
4871	DFL	Nelson, Tom A.	301 Cap.	31
4334	DFL	Novak, Steven G.	203 Cap.	52
1282	IR	Olson, Gen	132C SOB	43
4241	DFL	Pehler, James C.	306 Cap.	17
4135	DFL	Peterson, Collin C.	205 Cap.	10
3988	IR	Peterson, Darrel L.	141 SOB	29
4274	DFL	Peterson, Donna C.	G-29 Cap.	61
8018	DFL	Peterson, Randolph W.	326 Cap.	19
296-0760	DFL	Petty, Eric D.	323 Cap.	62
7809	DFL	Pogemiller, Lawrence J.	G-24 Cap.	58
4167	DFL	Purfeerst, Clarence M.	303 Cap.	25
9251	IR	Ramstad, Jim	123 SOB	45
2889	DFL	Reichgott, Ember D.	G-27 Cap.	46
4125	IR	Renneke, Earl W.	117 SOB	35
4875	DFL	Samuelson, Don	121 Cap.	13
7157	DFL	Schmitz, Robert J.	235 Cap.	36
4310	IR	Sieloff, Ron	135 SOB	64
4188	DFL	Solon, Sam G.	303 Cap.	7
4191	DFL	Spear, Allan H.	G-27 Cap.	59
6238	IR	Storm, Donald A.	125 SOB	42
8660	DFL	Stumpf, LeRoy A.	306 Cap.	1
9457	IR	Taylor, Glen	147 SOB	24
4101	DFL	Vega, Conrad M.	G-29 Cap.	39
3809	DFL	Waldorf, Gene	G-24 Cap.	66
8091	DFL	Wegscheid, Darril	309 Cap.	37
4147	DFL	Willet, Gerald L.	121 Cap.	4

*Capitol or State Office Building, St. Paul, MN 55155

PHONE	COMMITTEE	ROOM*
296-4157	Agriculture & Natural Resources	24 Cap.
4158	Econ. Development & Commerce	303 Cap.
4185	Education	306 Cap.
8866	Elections & Ethics	328 Cap.
8865	Employment	325 Cap.
8864	Energy & Housing	29 Cap.
6436	Finance	121 Cap.
4175	Governmental Operations	309 Cap.
4151	Health & Human Services	323 Cap.
4191	Judiciary	27 Cap.
4150	Local & Urban Government	235 Cap.
1767	Public Util. and State Reg. Indus.	235 Cap.
4196	Rules & Administration	208 Cap.
4839	Taxes & Tax Laws	205 Cap.
4186	Transportation	303 Cap.
1771	Veterans' & General Leg.	328 Cap.

PHONE	SERVICE OFFICE	ROOM*
296-2887	Index	231 Cap.
2343	Sec. of the Senate	231 Cap.
0504	Public Information	B29 Cap.
8088	"Hotline" (daily schedules)	

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