

STATE OF MINNESOTA

Journal of the Senate

SEVENTY-NINTH LEGISLATURE

EIGHTY-FIRST DAY

St. Paul, Minnesota, Monday, February 19, 1996

The Senate met at 10:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Joy Bussert.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

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

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

February 15, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1996 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1996	Date Filed 1996
	2079	267	10:28 a.m. February 15	February 15
	2308	268	10:30 a.m. February 15	February 15
1862		269	10:27 a.m. February 15	February 15
	2150	270	10:32 a.m. February 15	February 15
	2239	271	10:35 a.m. February 15	February 15

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 302: A bill for an act relating to employment; increasing the minimum wage; amending Minnesota Statutes 1994, section 177.24, subdivision 1.

Senate File No. 302 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 15, 1996

Mr. Moe, R.D. moved that S.F. No. 302 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1662, 489, 1997 and H.F. No. 1704. The motion prevailed.

Ms. Berglin from the Committee on Health Care, to which was re-referred

S.F. No. 1662: A bill for an act relating to alcoholic beverages; requiring retail establishments to post signs warning of the dangers of alcohol consumption by pregnant women; amending Minnesota Statutes 1994, section 340A.410, by adding a subdivision; repealing Minnesota Statutes 1994, section 144.3871.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 340A.410, is amended by adding a subdivision to read:

Subd. 4b. [NOTICE POSTING.] (a) A premises licensed for the retail sale of alcoholic beverages and a municipal liquor store must post and maintain in a conspicuous place within the licensed premises clearly visible to consumers: one sign 14-1/2 inches wide by 8 inches high as

designed by the commissioners of health and public safety, which incorporates the following information: (1) the penalties of driving while under the influence of alcohol; (2) the penalties for serving alcoholic beverages to a person who is obviously intoxicated or under 21 years of age; and (3) a warning statement regarding drinking alcohol while pregnant.

(b) The commissioners of health and public safety shall design a sign that complies with this subdivision and shall make the sign available for reproduction. A retail licensee or municipal liquor store may not modify the sign design, but may make a sign to modify the color.

Sec. 2. [REPEALER.]

Minnesota Statutes 1994, sections 144.3871; and 340A.410, subdivision 4a, are repealed."

Amend the title as follows:

Page 1, line 7, delete "section" and insert "sections" and before the period, insert "; and 340A.410, subdivision 4a"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 2227: A bill for an act relating to health; allowing physicians to prescribe and administer controlled substances in cases of intractable pain; proposing coding for new law in Minnesota Statutes, chapter 152.

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

Delete everything after the enacting clause and insert:

"Section 1. [152.125] [INTRACTABLE PAIN.]

Subdivision 1. [DEFINITION.] For purposes of this section, "intractable pain" means a pain state in which the cause of the pain cannot be removed or otherwise treated with the consent of the patient and in which, in the generally accepted course of medical practice, no relief or cure of the cause of the pain is possible, or none has been found after reasonable efforts, including, but not limited to, evaluation by the attending physician and one or more physicians specializing in pain medicine or the treatment of the area, system, or organ of the body perceived as the source of the pain or, when treating a terminally ill patient, an appropriately qualified physician who does so in accordance with the level of care, skill, and treatment recognized by a reasonably prudent physician under similar conditions and circumstances.

Subd. 2. [PRESCRIPTION AND ADMINISTRATION OF CONTROLLED SUBSTANCES FOR INTRACTABLE PAIN.] Notwithstanding any other provision of this chapter, a physician may prescribe or administer a controlled substance in schedules II to V of section 152.02 to an individual in the course of the physician's treatment of the individual for a diagnosed condition causing intractable pain. No physician shall be subject to disciplinary action by the board of medical practice for appropriately prescribing or administering a controlled substance in schedules II to V of section 152.02 in the course of treatment of an individual for intractable pain, provided the physician keeps accurate records of the purpose, use, prescription, and disposal of controlled substances, writes accurate prescriptions, and prescribes medications in conformance with chapter 147.

Subd. 3. [LIMITS ON APPLICABILITY.] This section does not apply to:

(1) a physician's treatment of an individual for chemical dependency resulting from the use of controlled substances in schedules II to V of section 152.02;

(2) the prescription or administration of controlled substances in schedules II to V of section

152.02 to an individual whom the physician knows to be using the controlled substances for nontherapeutic purposes;

(3) the prescription or administration of controlled substances in schedules II to V of section 152.02 for the purpose of terminating the life of an individual having intractable pain; or

(4) the prescription or administration of a controlled substance in schedules II to V of section 152.02 that is not a controlled substance approved by the United States Food and Drug Administration for pain relief.

Subd. 4. [NOTICE OF RISKS.] Prior to treating an individual for intractable pain in accordance with subdivision 2, a physician shall discuss with the individual the risks associated with the controlled substances in schedules II to V of section 152.02 to be prescribed or administered in the course of the physician's treatment of the individual, and document the discussion in the individual's record.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

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

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was re-referred

H.F. No. 2112: A bill for an act relating to the environment; authorizing establishment of municipal individual sewage treatment system and contaminated well loan programs; proposing coding for new law in Minnesota Statutes, chapter 115.

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

Page 1, line 7, after "SYSTEM" insert "OR WATER WELL"

Page 1, line 13, delete "replacing"

Page 1, line 14, delete "contaminated" and insert "replacement of"

Page 2, line 10, delete "and replacing a contaminated" and insert "or replacement of a"

Page 2, lines 14 and 33, delete "contaminated"

Page 2, line 18, delete "and replacing contaminated" and insert "or replacement of"

Page 3, line 12, delete "person" and insert "public official"

Page 3, line 31, delete "contaminated"

Amend the title as follows:

Page 1, line 4, delete "contaminated"

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

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 2288: A bill for an act relating to local government; providing for a recreation levy for ten years for Sawyer unorganized township in Carlton county.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 2482: A bill for an act relating to local government finance; creating a local performance aid program; promoting local government efficiency and effectiveness; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 477A.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Taxes and Tax Laws without recommendation. Report adopted.

Mr. Kelly from the Committee on Judiciary, to which was referred

H.F. No. 1704: A bill for an act relating to commerce; making various technical and conforming changes related to limited liability companies; regulating investment securities; amending Minnesota Statutes 1994, sections 322B.105; 322B.115, subdivisions 2, 3, and 4; 322B.125, subdivision 1; 322B.135, subdivision 3; 322B.145; 322B.15, subdivisions 1, 3, and 4; 322B.155; 322B.175; 322B.20, subdivision 2; 322B.30, subdivision 3; 322B.313, subdivision 2; 322B.33, subdivisions 4 and 9; 322B.34, subdivisions 1 and 3; 322B.346, subdivision 2; 322B.36, subdivisions 2 and 3; 322B.363, subdivision 1; 322B.373, subdivision 2; 322B.376; 322B.383, subdivision 1; 322B.386, subdivisions 4 and 7; 322B.40, subdivision 6; 322B.42, subdivisions 2 and 4; 322B.54, subdivision 1; 322B.56, subdivision 1; 322B.60, subdivision 2; 322B.643, subdivision 3; 322B.646; 322B.653; 322B.666, subdivision 2; 322B.693, subdivision 1; 322B.699, subdivision 6; 322B.72, subdivisions 2 and 3; 322B.75, subdivision 1; 322B.77, subdivision 1; 322B.803, subdivisions 1 and 2; 322B.813, subdivision 5; 322B.833, subdivisions 1, 2, and 4; Minnesota Statutes 1995 Supplement, sections 322B.12, subdivision 1; 336.8-103; and 336.8-603.

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

Page 40, after line 16, insert:

"Sec. 54. Minnesota Statutes 1994, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products or the production of poultry or poultry products.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards under clause (1) or (2):

(1)(i) its shareholders do not exceed five in number;

(ii) all its shareholders, other than any estate are natural persons;

(iii) it does not have more than one class of shares; and

(iv) its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and

(v) shareholders holding 51 percent or more of the interest in the corporation must be residing on the farm or actively engaging in farming;

(vi) the authorized farm corporation, directly or indirectly, owns or otherwise has an interest, whether legal, beneficial, or otherwise, in any title to no more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(vii) a shareholder of the authorized farm corporation is not a shareholder in other authorized farm corporations that directly or indirectly in combination with the authorized farm corporation own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; or

(2)(i) the corporation is engaged in the production of livestock other than dairy cattle; and not engaged in farming activities otherwise prohibited under this section;

(ii) all its shareholders other than an estate, are natural persons or a family farm corporation;

(iii) it does not have more than one class of shares;

(iv) its revenue from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts;

(v) shareholders holding 75 percent or more of the control and financial investment in the corporation must be farmers residing in Minnesota and at least 51 percent of the required percentage of farmers must be actively engaged in livestock production;

(vi) the authorized farm corporation, directly or indirectly, owns or otherwise has an interest, whether legal, beneficial, or otherwise, in any title to no more than 1,500 acres of real estate used for farming or capable of being used for farming in this state;

(vii) a shareholder of the authorized farm corporation is not a shareholder in other authorized farm corporations that directly or indirectly in combination with the authorized farm corporation own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(viii) the corporation was formed for the production of livestock other than dairy cattle by natural persons or family farm corporations that provide 75 percent or more of the capital investment.

(e) "Agricultural land" means land used for farming.

(f) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3. "Pension or investment fund" does not include a benevolent trust established by the owners of a family farm, authorized farm corporation or family farm corporation.

(g) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(h) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, none of the partners are corporations, and:

(1) at least one of the related persons is residing on the farm;

(2) at least one of the related persons is actively operating the farm, and none of the partners are corporations; or

(3) the agricultural land owned by the limited partnership was, before its transfer to the limited partnership, owned by one or more of the related persons for a period of five years.

A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest of interest in the partnership.

(i) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) its partners do not exceed five in number;

(3) all its partners, other than an estate, are natural persons;

(4) its revenues from rent, royalties, dividends, interest, and annuities do not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) the authorized farm partnership, directly or indirectly, does not own or otherwise have an interest, whether legal, beneficial, or otherwise, in a title to more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(8) a limited partner of the authorized farm partnership is not a limited partner in other authorized farm partnerships that directly or indirectly in combination with the authorized farm partnership own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state.

(j) "Farmer" means a person who regularly participates in physical labor or operations management in the farmer's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.

(k) "Actively engaged in livestock production" means that a person performs day-to-day physical labor or day-to-day operations management that significantly contributes to livestock production and the functioning of a livestock operation."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before "amending" insert "modifying the definition of family farm partnership;"

Page 1, line 23, after the semicolon, insert "500.24, subdivision 2;"

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

Mr. Kelly from the Committee on Judiciary, to which was referred

S.F. No. 2014: A bill for an act relating to civil actions; creating a nuisance action for prostitution; proposing coding for new law in Minnesota Statutes, chapter 617.

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

Delete everything after the enacting clause and insert:

"Section 1. [617.88] [PROSTITUTION NUISANCE ACTION.]

Subdivision 1. [DEFINITIONS.] The definitions in section 609.321 apply to this section.

Subd. 2. [ACTION ESTABLISHED.] A nuisance action may be brought under this section against a person who promotes the prostitution of an individual or a patron for prostitution or prostitution-related activity. The action may be brought by a resident of the neighborhood where the person promotes the prostitution of an individual or where a patron has engaged in prostitution or prostitution-related activity. Upon the request of a resident, the prosecuting attorney for the jurisdiction may bring an action under this section. The complaint must be filed with the court and served on the respondent in the manner provided by the rules of civil procedure. The action may not be brought against a prostitute.

Subd. 3. [PROOF.] A nuisance consisting of prostitution or a prostitution-related activity may be proved by evidence of:

- (1) an act that would constitute a violation of sections 609.321 to 609.324; or
- (2) a conviction for violating any of those sections.

Subd. 4. [REMEDIES.] If, upon a hearing, the court finds proof of a nuisance under this section, it shall permanently enjoin the respondent from engaging in prostitution or prostitution-related activity. The court shall award an individual petitioner damages in the amount of actual damages suffered or exemplary damages of \$500 per incident, whichever is greater. If the action is brought by the prosecuting attorney, the court shall award damages of \$500 to be paid to a crime victim witness fund serving the jurisdiction. The court may award a prevailing petitioner reasonable attorney fees and costs."

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

Mr. Kelly from the Committee on Judiciary, to which was referred

S.F. No. 489: A bill for an act relating to civil actions; regulating punitive damages; amending Minnesota Statutes 1994, section 549.20, subdivisions 3, 4, 5, and by adding subdivisions.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 549.20, is amended by adding a subdivision to read:

Subd. 6. [LIMITATION ON PUNITIVE DAMAGES.] (a) Punitive damages may not be awarded against the manufacturer or seller of a product or device that caused the harm claimed by the plaintiff if:

(1) the product or device was subject to approval under United States Code, title 21, section 355, or premarket approval under United States Code, title 21, section 360e, by the Food and Drug Administration with respect to the safety of formulation or performance of the aspect of the product or device that caused the harm, or by the adequacy of the packaging or labeling of the product or device; and

(2) the product or device was approved by the Food and Drug Administration.

(b) Paragraph (a) does not apply in a case in which it is determined on the basis of clear and convincing evidence that the defendant:

(1) withheld from or misrepresented to the Food and Drug Administration information concerning the product or device that is required to be submitted under the federal Food, Drug and Cosmetic Act that is material and relevant to the harm suffered by the claimant;

(2) made an illegal payment to an official of the Food and Drug Administration for the purpose of securing approval of the product or device; or

(3) failed to use reasonable care to comply with Food and Drug Administration regulations concerning the manufacture of, or the investigation and correction of defects in design or

manufacture of, a medical device, and the failure to comply has caused the harm suffered by the plaintiff."

Delete the title and insert:

"A bill for an act relating to civil actions; limiting punitive damages in cases involving products or devices approved by the FDA; amending Minnesota Statutes 1994, section 549.20, by adding a subdivision."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 2040: A bill for an act relating to motor fuels; exempting premium gasoline from oxygenation requirement; amending Minnesota Statutes 1994, section 239.791, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] Except as provided in subdivision 1a, a person responsible for the product shall comply with the following requirements:

~~(a) After October 1, 1993, gasoline sold or offered for sale in a carbon monoxide control area, and during a carbon monoxide control period, must contain at least 2.7 percent oxygen by weight.~~

~~(b) After October 1, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least 2.7 percent oxygen by weight.~~

~~(c) (b) After October 1, 1997, all gasoline sold or offered for sale in Minnesota must contain at least 2.7 percent oxygen by weight.~~

Sec. 2. Minnesota Statutes 1994, section 239.791, is amended by adding a subdivision to read:

Subd. 1a. [SPECIAL RECREATIONAL FUEL.] To the extent not prohibited by federal regulations, a retailer of gasoline may sell and dispense gasoline not complying with subdivision 1 if the following conditions are met:

(1) the gasoline is premium grade unleaded as defined in section 239.751, subdivision 4;

(2) the gasoline is dispensed from a pump having a nozzle spout with an outside diameter of not less than 0.930 inch;

(3) the gasoline is sold or offered for sale by a resort as defined in section 157.15, subdivision 11, a marina, or a dealer, as defined in section 296.01, subdivision 12; and

(4) the gasoline is sold to the retail customer for use in an aircraft, a motorcycle, a snowmobile, a motor vehicle manufactured before the 1976 model year or with an engine manufactured before the 1976 model year, or for any other highway use.

Sec. 3. Minnesota Statutes 1994, section 239.791, is amended by adding a subdivision to read:

Subd. 10. [EXEMPTION; MOTOR SPORTS RACING.] This section does not apply to gasoline with an octane rating of 100 or greater sold or offered for sale at a public or private race course solely for use during off-highway motor sports racing events.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following its final enactment.

Delete the title and insert:

"A bill for an act relating to agriculture; recreation; providing for the sale of nonoxygenated special recreational fuel; amending Minnesota Statutes 1994, section 239.791, subdivision 1, and by adding subdivisions."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1997: A bill for an act relating to economic development; requiring private businesses with state financial assistance to pay at least a poverty level wage and increase employment; proposing coding for new law in Minnesota Statutes, chapter 177.

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

Delete everything after the enacting clause and insert:

"Section 1. [177.255] [STATE ASSISTANCE; EMPLOYMENT; POVERTY LEVEL WAGE.]

Subdivision 1. [APPLICATION.] (a) This section applies to a nonprofit corporation if the ratio of total compensation of the corporation's chief executive officer to its lowest paid employee exceeds 25 to 1; for profit corporation, partnership, limited liability company, or sole proprietorship that does not meet the definition of a small business in section 645.445 and that receives state or local assistance in the form of a grant, loan, or tax increment financing, if:

(1) the sum of all three types of assistance exceeds \$25,000 in a fiscal year; and

(2) the purpose of the assistance is economic development or job growth.

(b) The assistance recipient must pay every employee hired as a result of the assistance at least a poverty level wage. For purposes of this section, "poverty level wage" means the hourly wage, including the employer's share of any health or dental coverage, necessary for an employee working 40 hours a week, 52 weeks a year, to earn an annual wage equal to 100 percent of the federal poverty level for a family of four.

If the assistance recipient fails to pay a poverty level wage the recipient shall pay the local human service agency an amount equal to two times the difference between the poverty level wage and the wage actually paid.

Subd. 2. [ON-THE-JOB TRAINING EXEMPTION.] (a) The requirement to pay at least a poverty level wage under subdivision 1 does not apply to an employee engaged in on-the-job training. For purposes of this section, "on-the-job training" means:

(1) an apprenticeship program for an apprentice defined by section 178.06;

(2) a preapprenticeship program that assists learners to explore occupational areas and assess their skills and interests in those areas, and acquire knowledge and skills necessary to succeed in youth apprenticeship programs; or

(3) a training program, not to exceed six months, that is offered to an individual while employed in productive work that provides training, technical and other related skills, and personal skills that are essential to the full and adequate performance of the employment.

(b) An employer must pay at least a poverty level wage to an employee who would otherwise be exempt under paragraph (a), if:

(1) any other individual has been laid off by the employer from the position to be filled by the eligible employee or from any substantially equivalent position; or

(2) the employer has terminated the employment of any regular employee or otherwise reduced the number of employees with the intention of replacing the employee by hiring an employee who is not required to receive at least a poverty level wage.

Subd. 3. [APPLICATION FOR ON-THE-JOB TRAINING EXEMPTION.] An employer seeking exemption under subdivision 2 must:

(1) notify the commissioner of labor and industry. The commissioner must certify that the on-the-job training program meets the criteria stated in subdivision 2; and

(2) describe the program in writing, retain a copy of the program, and provide a copy of the program to the commissioner of labor and industry and to the employee.

Subd. 4. [BONA FIDE FOREIGN STATE OFFER; EXEMPTION.] This section does not apply if the chief executive officer of the assistance recipient certifies to the entity providing the assistance that but for the assistance the recipient would have relocated in another state due to an offer of assistance of the other state. The chief executive officer must provide details of the offer with the certification.

Subd. 5. [ASSISTANCE EXEMPTION.] This section does not apply to the following types of assistance:

(1) tax increment financing for redevelopment activities, including assistance financed with increments (i) from districts defined as redevelopment districts or renewal and renovation districts under section 469.174, subdivision 10 or 10a, or (ii) from another type of district used to pay for redevelopment activities as defined in section 469.176, subdivision 4j;

(2) tax increment assistance financed by districts defined as housing districts under section 469.174, subdivision 11;

(3) tax increment assistance financed by districts created as hazardous substance subdistricts under section 469.175;

(4) grant and loan assistance for the removal or remediation of a hazardous substance, hazardous waste, pollutant, or contaminant, including human waste, as defined by section 115B.02;

(5) loan or loan guarantee assistance from the tourism loan program under section 116J.617; and

(6) grant assistance from contamination cleanup grants under section 116J.552.

Subd. 6. [EMPLOYEE EXEMPTION.] This section does not apply to an employee who is a blind or disabled eligible individual as that term is defined in United States Code, title 42, section 1382, paragraph (a).

Sec. 2. [LEGISLATIVE AUDITOR; POVERTY AND CHOICES FOR ECONOMIC DEVELOPMENT.]

The legislative audit commission is requested to direct the legislative auditor to examine the cost of low paying jobs in Minnesota. The study shall consist of two parts. The first part is to compare the cost of government transfer payments for families with income below the federal poverty threshold with the benefits resulting from those jobs. To the extent possible, the study shall separate transfer payments by program, family type, and region. The second part shall examine the role of state government in increasing wages to a livable level.

Sec. 3. [EFFECTIVE DATE; APPLICABILITY.]

Section 1 applies to grant, loan, and tax increment financing authorized on or after August 1, 1996."

Amend the title as follows:

Page 1, line 2, delete "private" and insert "some"

Page 1, line 3, after "state" insert "or local"

Page 1, line 4, delete "and increase employment"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Price from the Committee on Commerce and Consumer Protection, to which was referred

H.F. No. 2413: A bill for an act relating to cemeteries; clarifying procedures for examination of certain accounts and records by the state auditor; providing for transfer of cemeteries to and from local units of government; amending Minnesota Statutes 1994, sections 149.13, subdivision 5; 306.02, subdivision 2; 306.025; 306.243, by adding a subdivision; and 306.97.

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

Page 5, after line 9, insert:

"Sec. 6. Minnesota Statutes 1995 Supplement, section 383B.225, subdivision 6, is amended to read:

Subd. 6. [INVESTIGATION PROCEDURE.] (a) Upon notification of the death of any person, as provided in subdivision 5, the county medical examiner or a designee may proceed to the body, take charge of it, and order, when necessary, that there be no interference with the body or the scene of death. Any person violating the order of the examiner is guilty of a misdemeanor. The examiner or the examiner's designee shall make inquiry regarding the cause and manner of death and, in cases that fall under the medical examiner's jurisdiction, prepare written findings together with the report of death and its circumstances, which shall be filed in the office of the examiner. When it appears that death may have resulted from a criminal act and that further investigation is advisable, a copy of the report shall be transmitted to the county attorney. The examiner may take possession of any or all property of the deceased, mark it for identification, and make an inventory. The examiner shall take possession of all articles useful in establishing the cause of death, mark them for identification and retain them securely until they are no longer needed for evidence or investigation. The examiner shall release any property or articles needed for any criminal investigation to law enforcement officers conducting the investigation. When a reasonable basis exists for not releasing property or articles to law enforcement officers, the examiner shall consult with the county attorney. If the county attorney determines that a reasonable basis exists for not releasing the property or articles, the examiner may retain them. The property or articles shall be returned immediately upon completion of the investigation. When the property or articles are no longer needed for the investigation or as evidence, the examiner shall release the property or articles to the person or persons entitled to them. Notwithstanding any other law to the contrary, when personal property of more than nominal value of a decedent has come into the possession of the examiner, and is not used for a criminal investigation or as evidence, and has not been otherwise released as provided in this subdivision, the name of the decedent shall be filed with the probate court, together with a copy of the inventory of the decedent's property. At that time, an examination of the records of the probate court shall be made to determine whether a will has been admitted to probate or an administration has been commenced. Personal property, including wearing apparel, may be released to or for the spouse or any blood relative or personal representative of the decedent or to the person accepting financial responsibility for burial of the decedent. If property has not been released by the examiner and no will has been admitted to probate or administration commenced within six months after death, the examiner may sell the property, other than firearms or other weapons, of a deceased person at a public auction upon notice and in a manner as the probate court may direct. The examiner shall

release all firearms of a deceased person to the law enforcement agency handling the investigation and shall cause to be destroyed any other weapon of a deceased person that is not released to or claimed by a decedent's spouse, blood relative, or representative of the estate, or other person who proves lawful ownership. If the name of the decedent is not known, the examiner shall inventory the property of the decedent and after six months may sell the property at a public auction. The examiner shall be allowed reasonable expenses for the care and sale of the property and shall deposit the net proceeds of the sale with the county administrator, or the administrator's designee, in the name of the decedent, if known. If the decedent is not known, the examiner shall establish a means of identifying the property of the decedent with the unknown decedent and shall deposit the net proceeds of the sale with the county administrator, or a designee, so, that, if the unknown decedent's identity is established within six years, the proceeds can be properly distributed. In either case, duplicate receipts shall be provided to the examiner, one of which shall be filed with the court, the other of which shall be retained in the office of the examiner. If a representative shall qualify within six years from the time of deposit, the county administrator, or a designee, shall pay the amount of the deposit to the representative upon order of the court. If no order is made within six years, the proceeds of the sale shall become a part of the general revenue of the county.

(b) For the purposes of this section, health-related records or data on a decedent, except health data defined in section 13.38, whose death is being investigated under this section, whether the records or data are recorded or unrecorded, including but not limited to those concerning medical, surgical, psychiatric, psychological, chemical dependency, or any other consultation, diagnosis, or treatment, including medical imaging, shall be made promptly available to the medical examiner, upon the medical examiner's written request, by a person having custody of, possession of, access to, or knowledge of the records or data. In cases involving a stillborn infant or the death of a fetus or an infant less than one year of age, the records on the decedent's mother shall also be made promptly available to the medical examiner. The medical examiner shall pay the reasonable costs of copies of records or data provided to the medical examiner under this section. Data collected or created pursuant to this subdivision relating to any psychiatric, psychological, or mental health consultation with, diagnosis of, or treatment of the decedent whose death is being investigated shall remain confidential or protected nonpublic data, except that the medical examiner's report may contain a summary of such data.

(c) After investigating deaths of unautopsied persons who are to be cremated, the medical examiner shall give approval for cremation and shall record such approval by affixing the examiner's signature on the reverse side of the deceased person's death certificate.

(d) The medical examiner has the power to subpoena any and all documents, records, and papers deemed useful in the investigation of a death.

(e) The medical examiner may establish a reasonable charge for the investigation and approval procedures set out in this subdivision. The charge shall be paid by the person presenting the death certificate for approval.

Sec. 7. [EFFECTIVE DATE.]

Section 6 is effective the day after the Hennepin county board complies with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "allowing the Hennepin County medical examiner to establish reasonable charges for certain procedures;"

Page 1, line 8, before the period, insert "; Minnesota Statutes 1995 Supplement, section 383B.225, subdivision 6"

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

Mr. Price from the Committee on Commerce and Consumer Protection, to which was re-referred

S.F. No. 2372: A bill for an act relating to consumer protection; regulating the provision of immigration services; regulating notaries public; providing penalties; proposing coding for new law in Minnesota Statutes, chapters 325E; and 359.

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

Mr. Moe, R.D. from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 2779: A bill for an act relating to agriculture; requiring brand name registration of certain nonhybrid seeds; proposing coding for new law in Minnesota Statutes, chapter 21.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 1a. [AIRPORT.] "Airport" has the meaning given it in section 360.013, subdivision 5.

Sec. 2. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 2d. [AVIATION GASOLINE.] "Aviation gasoline" has the meaning given it in section 296.01, subdivision 7.

Sec. 3. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 6d. [COLLECTOR VEHICLE.] "Collector vehicle" means a motor vehicle for which the commissioner of public safety has issued a pioneer license, classic car license, collector license, or street rod license under section 168.10, or a motor vehicle registered as a collector vehicle in another state.

Sec. 4. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 8f. [MARINA.] "Marina" has the meaning given it in section 86A.20, subdivision 5.

Sec. 5. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 8g. [MOORING FACILITY.] "Mooring facility" has the meaning given it in section 86A.20, subdivision 3.

Sec. 6. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 9a. [MOTORCYCLE.] "Motorcycle" has the meaning given it in section 168.011, subdivision 26.

Sec. 7. Minnesota Statutes 1994, section 239.05, is amended by adding a subdivision to read:

Subd. 13b. [RESORT.] "Resort" has the meaning given it in section 157.15, subdivision 11.

Sec. 8. Minnesota Statutes 1994, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] Except as provided in subdivisions 10 to 12, a person responsible for the product shall comply with the following requirements:

(a) After October 1, 1993, gasoline sold or offered for sale in a carbon monoxide control area, and during a carbon monoxide control period, must contain at least 2.7 percent oxygen by weight.

(b) After October 1, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least 2.7 percent oxygen by weight.

(c) After October 1, 1997, all gasoline sold or offered for sale in Minnesota must contain at least 2.7 percent oxygen by weight.

Sec. 9. Minnesota Statutes 1994, section 239.791, is amended by adding a subdivision to read:

Subd. 10. [EXEMPTION FOR AIRPORTS, MARINAS, MOORING FACILITIES, AND RESORTS.] A person responsible for the product may sell or offer for sale, at an airport, marina, mooring facility, or resort, gasoline that is not oxygenated in accordance with subdivision 1:

(1) if the gasoline pump used to dispense the nonoxygenated gasoline complies with all of the applicable motor fuel dispenser requirements contained in department of public service rules and is approved by the weights and measures division; and

(2) if the person responsible for the product requests an annual inspection of the gasoline pump by the weights and measures division.

Sec. 10. Minnesota Statutes 1994, section 239.791, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FOR MOTOR SPORTS RACING.] A person responsible for the product may sell or offer for sale, at a public or private racecourse, gasoline that is not oxygenated in accordance with subdivision 1:

(1) if the gasoline is intended to be used exclusively as a fuel for off-highway motor sports racing events;

(2) if the gasoline pump used to dispense the nonoxygenated gasoline complies with all of the applicable motor fuel dispenser requirements contained in department of public service rules and is approved by the weights and measures division; and

(3) if the person responsible for the product requests an annual inspection of the gasoline pump by the weights and measures division.

Sec. 11. Minnesota Statutes 1994, section 239.791, is amended by adding a subdivision to read:

Subd. 12. [EXEMPTION FOR COLLECTOR VEHICLES AND OFF-ROAD USE.] Except during a carbon monoxide control period in a carbon monoxide control area, a person responsible for the product may sell or offer for sale at a retail gasoline station for use in off-road vehicles, implements, motorcycles, boats, or vehicles with a pioneer license, classic car license, collector license, or street rod license, gasoline that is not oxygenated in accordance with subdivision 1 if the person meets the conditions in paragraphs (a) to (f).

(a) Not more than one gasoline pump or other dispenser on the premises of a retail gasoline station shall be used to dispense nonoxygenated gasoline.

(b) The pump or dispenser must be deactivated after each sale so that a customer must request to use the pump or dispenser.

(c) The person responsible for the product must register with the director the name, address, and telephone number of the gasoline station.

(d) The pump must comply with all of the applicable motor fuel dispenser requirements contained in department of public service rules and must be approved by the weights and measures division.

(e) The person responsible for the product must request an annual inspection of the pump by the weights and measures division.

(f) The pump must be posted with a permanent notice, affixed by the weights and measures division, stating that: "FUEL DISPENSED FROM THIS PUMP MUST BE USED ONLY IN OFF-ROAD VEHICLES, IMPLEMENTS, MOTORCYCLES, BOATS, OR VEHICLES WITH A PIONEER LICENSE, CLASSIC CAR LICENSE, COLLECTOR LICENSE, OR STREET ROD LICENSE."

Sec. 12. [EFFECTIVE DATE.]

This act is effective the day following its final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; oxygenated gasoline; defining terms; exempting certain gasoline from statutory oxygenation requirements; amending Minnesota Statutes 1994, sections 239.05, by adding subdivisions; and 239.791, subdivision 1, and by adding subdivisions."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 2513: A bill for an act relating to economic development; authorizing port authorities to use certain provisions of the uniform municipal contracting law; amending Minnesota Statutes 1994, section 469.068, by adding a subdivision.

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

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

H.F. No. 2127 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2127	1882				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2127 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2127 and insert the language after the enacting clause of S.F. No. 1882, the second engrossment; further, delete the title of H.F. No. 2127 and insert the title of S.F. No. 1882, the second engrossment.

And when so amended H.F. No. 2127 will be identical to S.F. No. 1882, and further recommends that H.F. No. 2127 be given its second reading and substituted for S.F. No. 1882, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 168 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
168	191				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 168 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 168 and insert the language after the enacting clause of S.F. No. 191, the first engrossment; further, delete the title of H.F. No. 168 and insert the title of S.F. No. 191, the first engrossment.

And when so amended H.F. No. 168 will be identical to S.F. No. 191, and further recommends that H.F. No. 168 be given its second reading and substituted for S.F. No. 191, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2285 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2285	2204				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2285 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2285 and insert the language after the enacting clause of S.F. No. 2204, the first engrossment; further, delete the title of H.F. No. 2285 and insert the title of S.F. No. 2204, the first engrossment.

And when so amended H.F. No. 2285 will be identical to S.F. No. 2204, and further recommends that H.F. No. 2285 be given its second reading and substituted for S.F. No. 2204, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2375 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2375	2073				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2375 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2375 and insert the language after the enacting clause of S.F. No. 2073, the first engrossment; further, delete the title of H.F. No. 2375 and insert the title of S.F. No. 2073, the first engrossment.

And when so amended H.F. No. 2375 will be identical to S.F. No. 2073, and further recommends that H.F. No. 2375 be given its second reading and substituted for S.F. No. 2073, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2580 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2580	2409				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2580 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2580 and insert the language after the enacting clause of S.F. No. 2409, the first engrossment; further, delete the title of H.F. No. 2580 and insert the title of S.F. No. 2409, the first engrossment.

And when so amended H.F. No. 2580 will be identical to S.F. No. 2409, and further recommends that H.F. No. 2580 be given its second reading and substituted for S.F. No. 2409, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2846 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2846	2544				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2846 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2846 and insert the language after the enacting clause of S.F. No. 2544, the first engrossment; further, delete the title of H.F. No. 2846 and insert the title of S.F. No. 2544, the first engrossment.

And when so amended H.F. No. 2846 will be identical to S.F. No. 2544, and further recommends that H.F. No. 2846 be given its second reading and substituted for S.F. No. 2544, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 2938 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2938	2598				

and that the above Senate File be indefinitely postponed.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2227, 2014, 2040, 2372 and 2779 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2513, 2127, 168, 2285, 2375, 2580, 2846 and 2938 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Johnson, J.B. moved that the names of Messrs. Morse and Merriam be added as co-authors to S.F. No. 1757. The motion prevailed.

Mr. Pogemiller moved that the name of Mrs. Fischbach be added as a co-author to S.F. No. 1916. The motion prevailed.

Mr. Beckman moved that the name of Mr. Hottinger be added as a co-author to S.F. No. 2810. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar and Consent Calendar. The motion prevailed.

CALENDAR

S.F. No. 1941: A bill for an act relating to the environment; specifying compliance requirements for certain existing individual sewage treatment systems; amending Minnesota Statutes 1994, section 115.55, subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Sams
Beckman	Hanson	Laidig	Neuville	Samuelson
Belanger	Hottinger	Langseth	Novak	Scheevel
Berg	Janezich	Larson	Ourada	Solon
Berglin	Johnson, D.E.	Lesewski	Pappas	Spear
Betzold	Johnson, D.J.	Lessard	Pariseau	Stevens
Chandler	Johnson, J.B.	Limmer	Piper	Stumpf
Cohen	Johnston	Marty	Pogemiller	Terwilliger
Day	Kiscaden	Merriam	Price	Vickerman
Dille	Kleis	Metzen	Ranum	Wiener
Finn	Knutson	Moe, R.D.	Riveness	
Fischbach	Kramer	Mondale	Robertson	
Flynn	Krentz	Morse	Runbeck	

So the bill passed and its title was agreed to.

H.F. No. 2207: A bill for an act relating to the environment; adopting changes to the Midwest Interstate Compact on Low-Level Radioactive Waste; making conforming changes; amending Minnesota Statutes 1994, sections 116C.831; 116C.832, subdivision 1, and by adding a subdivision; 116C.833, subdivision 2; 116C.834, subdivision 1, and by adding a subdivision; 116C.835, subdivision 6; 116C.836, subdivision 2; and 116C.842, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 116C; repealing Minnesota Statutes 1994, sections 116C.832, subdivisions 2, 7, and 8; 116C.837; 116C.839; 116C.840, subdivision 3; 116C.841; 116C.842, subdivisions 1, 2, and 3; 116C.845; 116C.846; 116C.847; and 116C.848.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Sams
Beckman	Hanson	Laidig	Novak	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Janezich	Lesewski	Pappas	Solon
Berglin	Johnson, D.E.	Lessard	Pariseau	Spear
Betzold	Johnson, D.J.	Limmer	Piper	Stevens
Chandler	Johnson, J.B.	Marty	Pogemiller	Stumpf
Cohen	Johnston	Merriam	Price	Terwilliger
Day	Kiscaden	Metzen	Ranum	Vickerman
Dille	Kleis	Moe, R.D.	Reichgott Junge	Wiener
Finn	Knutson	Mondale	Riveness	
Fischbach	Kramer	Morse	Robertson	
Flynn	Krentz	Murphy	Runbeck	

So the bill passed and its title was agreed to.

S.F. No. 2130: A bill for an act relating to health; exempting certain community integrated service networks from providing the standard health maintenance organization benefit set; amending Minnesota Statutes 1994, section 62N.25, subdivision 5.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Novak	Samuelson
Beckman	Hanson	Laidig	Ourada	Scheevel
Belanger	Hottinger	Langseth	Pappas	Solon
Berg	Janezich	Lesewski	Pariseau	Spear
Berglin	Johnson, D.E.	Lessard	Piper	Stevens
Betzold	Johnson, D.J.	Limmer	Pogemiller	Stumpf
Chandler	Johnson, J.B.	Marty	Price	Terwilliger
Cohen	Johnston	Merriam	Ranum	Vickerman
Day	Kiscaden	Metzen	Reichgott Junge	Wiener
Dille	Kleis	Mondale	Riveness	
Finn	Knutson	Morse	Robertson	
Fischbach	Kramer	Murphy	Runbeck	
Flynn	Krentz	Neuville	Sams	

So the bill passed and its title was agreed to.

S.F. No. 2111: A bill for an act relating to agriculture; changing requirements for certain commodity council referenda; amending Minnesota Statutes 1994, section 17.56, subdivision 5.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Flynn	Johnson, D.J.	Krentz
Beckman	Cohen	Frederickson	Johnson, J.B.	Kroening
Belanger	Day	Hanson	Johnston	Laidig
Berg	Dille	Hottinger	Kleis	Langseth
Berglin	Finn	Janezich	Knutson	Larson
Betzold	Fischbach	Johnson, D.E.	Kramer	Lesewski

Lessard	Murphy	Pogemiller	Sams	Stumpf
Limmer	Neuville	Price	Samuelson	Terwilliger
Marty	Novak	Ranum	Scheevel	Vickerman
Metzen	Pappas	Reichgott Junge	Solon	Wiener
Mondale	Pariseau	Riveness	Spear	
Morse	Piper	Runbeck	Stevens	

Ms. Kiscaden, Messrs. Merriam, Ourada and Ms. Robertson voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1789: A bill for an act relating to elections; providing a process for recall of mayors; amending Minnesota Statutes 1994, sections 351.14, by adding a subdivision; 351.15; 351.16, subdivisions 1 and 4; 351.18; 351.19, subdivision 4; 351.20; 351.21; and 351.22.

Ms. Johnston moved that S.F. No. 1789, No. 5 on the Calendar, be stricken and re-referred to the Committee on Ethics and Campaign Reform. The motion prevailed.

CONSENT CALENDAR

S.F. No. 2813: A bill for an act relating to commerce; regulating heavy and utility equipment manufacturers and dealers; modifying the definition of truck parts; amending Minnesota Statutes 1994, section 325E.068, subdivision 7.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Sams
Beckman	Hanson	Laidig	Novak	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Janezich	Larson	Pappas	Solon
Berglin	Johnson, D.E.	Lesewski	Pariseau	Spear
Betzold	Johnson, D.J.	Lessard	Piper	Stevens
Chandler	Johnson, J.B.	Limmer	Pogemiller	Stumpf
Cohen	Johnston	Marty	Price	Terwilliger
Day	Kiscaden	Merriam	Ranum	Vickerman
Dille	Kleis	Metzen	Reichgott Junge	Wiener
Finn	Knutson	Mondale	Riveness	
Fischbach	Kramer	Morse	Robertson	
Flynn	Krentz	Murphy	Runbeck	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Ms. Reichgott Junge moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Knutson in the chair.

After some time spent therein, the committee arose, and Mr. Knutson reported that the committee had considered the following:

S.F. Nos. 1981, 2146, 1874, 2020, 2009, 1939 and H.F. Nos. 2188, 2625, which the committee recommends to pass.

S.F. No. 842, which the committee reports progress, subject to the following motion:

Mr. Laidig moved to amend S.F. No. 842 as follows:

Page 5, delete section 6

Page 11, line 27, delete "Subdivision 1. [GENERALLY.]"

Page 12, delete lines 4 to 10

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 41 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Larson	Oliver	Samuelson
Beckman	Johnson, D.J.	Lesewski	Olson	Scheevel
Belanger	Johnston	Limmer	Ourada	Terwilliger
Berg	Kiscaden	Marty	Pariseau	Vickerman
Day	Kleis	Metzen	Pogemiller	Wiener
Dille	Knutson	Mondale	Ranum	
Fischbach	Kramer	Murphy	Robertson	
Frederickson	Laidig	Neuville	Runbeck	
Hanson	Langseth	Novak	Sams	

Those who voted in the negative were:

Berglin	Finn	Krentz	Piper	Solon
Betzold	Flynn	Moe, R.D.	Price	Spear
Chandler	Hottinger	Morse	Reichgott Junge	Stumpf
Cohen	Johnson, J.B.	Pappas	Riveness	

The motion prevailed. So the amendment was adopted.

S.F. No. 842 was then progressed.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2196, 1951, 1881, 1905, 2802, 2457 and 2810. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 2196: A bill for an act relating to housing; permitting a mortgagee to provide a resident caretaker for a premises; amending Minnesota Statutes 1994, section 582.031, subdivision 2.

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

Page 1, after line 6, insert:

"Sec. 1. Minnesota Statutes 1995 Supplement, section 504.183, subdivision 3, is amended to read:

Subd. 3. [REASONABLE PURPOSE.] For purposes of subdivision 2, a reasonable business purpose includes, but is not limited to:

(1) showing the unit to prospective tenants during the notice period before the lease terminates or after the current tenant has given notice to move to the owner or owner's agent;

(2) showing the unit to a prospective buyer or to an insurance representative;

(3) performing maintenance work;

(4) allowing inspections by state, county, or city officials charged in the enforcement of health, housing, building, fire prevention, or housing maintenance codes;

(5) the tenant is causing a disturbance within the unit;

(6) the landlord has a reasonable belief that the tenant is violating the lease within the tenant's unit;

(7) prearranged housekeeping work in senior housing where 80 percent or more of the tenants are age 55 or older;

(8) the landlord has a reasonable belief that the unit is being occupied by an individual without a legal right to occupy it; or

~~(8)~~ (9) the tenant has vacated the unit."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "authorizing entry into tenant's premises under certain circumstances;"

Page 1, line 5, before the period, insert "; Minnesota Statutes 1995 Supplement, section 504.183, subdivision 3"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 2821: A bill for an act relating to local government; permitting the city of Cohasset to own and operate a gas utility.

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

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 2730: A bill for an act relating to local government; authorizing certain cities, towns, and the county for certain unorganized townships to create the Virginia area ambulance district; authorizing a tax levy; requiring local approval.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 2791: A bill for an act relating to metropolitan council transit; providing for the metropolitan council transit operations to be subject to special assessments; amending Minnesota Statutes 1995 Supplement, section 473.448.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was re-referred

S.F. No. 2097: A bill for an act relating to state government; excepting certain contracts from certain contract management requirements; abolishing certain reports and providing for a comprehensive annual report by the department of economic security; providing a mission statement for the department of economic security; amending Minnesota Statutes 1994, sections 268.0122, subdivisions 3 and 4; and 268.65, subdivision 1; Minnesota Statutes 1995 Supplement, sections 16B.06, subdivision 2a; 268.0122, subdivision 6; 268.0124; 268.363; and 268.98, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1994, sections 268.367; 268.37, subdivision 5; and 268.38, subdivision 11; Minnesota Statutes 1995 Supplement, section 268.92, subdivision 10.

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

Page 1, line 29, delete "each department" and strike "commissioner" and after the stricken "security" insert "each department"

Page 2, line 8, delete the new language and strike "commissioner"

Page 2, line 9, before "shall" insert "Each department"

Pages 4 and 5, delete section 4

Page 8, after line 15, insert:

"Sec. 9. Laws 1995, chapter 254, article 1, section 93, is amended to read:

Sec. 93. [SPENDING LIMITATION ON CONTRACTS.]

(a) During the biennium ending June 30, 1997, the aggregate amount spent by all departments or agencies defined in Minnesota Statutes, section 15.91, subdivision 1, on professional or technical service contracts may not exceed 95 percent of the aggregate amount these departments or agencies spent on these contracts during the biennium from July 1, 1993, to June 30, 1995. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include contracts for highway construction or maintenance, contracts between state agencies, contracts paid for from insurance trust funds, gift and deposit funds, capital projects funds, or federal funds, contracts with private collection agencies, contracts that are entered into in connection with the agency's distribution of grant funds, or contracts entered into under Minnesota Statutes, section 16B.35 or sections 237.50 to 237.55. The governor or a designated official must limit or disapprove proposed contracts as necessary to comply with this section.

(b) During the biennium ending June 30, 1997, the amount spent by (1) the house of representatives; (2) the senate; and (3) the legislative coordinating commission and all groups under its jurisdiction, from direct-appropriated funds on professional or technical service contracts may not exceed 95 percent of the amount spent on these contracts from direct-appropriated funds during the biennium from July 1, 1993, to June 30, 1995. Each entity listed in clauses (1), (2), and

(3) of this paragraph must be treated separately for purposes of determining compliance with this paragraph, except that the legislative coordinating commission and all groups under its jurisdiction must be treated as one unit. For purposes of this paragraph, "professional or technical service contract" has the meaning defined in section 16B.17, but does not include contracts for actuarial services entered into by the legislative commission on pensions and retirement, or contracts with other legislative or state executive agencies. The house of representatives committee on rules and legislative administration, the senate committee on rules and administration, and the legislative coordinating commission must each determine the amount of the reduction to be made under this paragraph."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, delete "268.0122, subdivision 6;"

Page 1, line 12, after the second semicolon, insert "Laws 1995, chapter 254, article 1, section 93;"

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

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 2636: A bill for an act relating to private business, trade, and correspondence schools; setting forth public policy; modifying licensing standards; clarifying miscellaneous provisions; repealing obsolete provisions; amending Minnesota Statutes 1994, sections 141.21, subdivisions 3, 5, 6, and by adding a subdivision; 141.22; 141.23; 141.25, subdivisions 1, 2, 3, 5, 6, 7, 9, 9a, 10, and 12; 141.26, subdivisions 1, 2, 3, and 5; 141.271, subdivisions 2, 3, 4, 5, 6, and 12; 141.28, subdivisions 2, 3, and 5; 141.29; 141.30; 141.31; and 141.35; Minnesota Statutes 1995 Supplement, section 141.25, subdivision 8; repealing Minnesota Statutes 1994, sections 141.33; 141.34; and 141.36.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 136A.685, is amended to read:

136A.685 [PRIVATE INSTITUTIONS; ADJUDICATION OF FRAUD OR MISREPRESENTATION.]

The office shall not provide registration or degree or name approval to a school if there has been a criminal, civil, or administrative adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the school or its owner, officers, agents, or sponsoring organization. Such an adjudication of fraud or misrepresentation shall be sufficient cause for the office to determine that a school:

(1) does not qualify for exemption under section 136A.657; or

(2) is not approved to grant degrees or to use the term "academy," "institute," or "university" in its name.

Sec. 2. Minnesota Statutes 1994, section 141.25, subdivision 7, is amended to read:

Subd. 7. [MINIMUM STANDARDS.] No license shall be issued unless the board first determines:

(a) that the applicant has a sound financial condition with sufficient resources available to meet the school's financial obligations; to refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school by the student body; to provide adequate service to its students and prospective students; and for the proper use and support of the school to be maintained;

(b) that the applicant has satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to train adequately the students currently enrolled, and those proposed to be enrolled;

(c) that the applicant employs a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(d) that the premises and conditions under which the students work and study are sanitary, healthful, and safe, according to modern standards;

(e) that each occupational course or program of instruction or study shall be of such quality and content as to provide education and training which will adequately prepare enrolled students for entry level positions in the occupation for which trained;

(f) that the living quarters which are owned, maintained, or approved by the applicant for students are sanitary and safe;

(g) that the contract or enrollment agreement used by the school complies with the following provisions:

(1) the name and address of the school must be clearly stated;

(2) inclusion of a clear and conspicuous disclosure that such agreement becomes a legally binding instrument upon written acceptance of the student by the school unless canceled pursuant to section 141.271;

(3) must contain the school's cancellation and refund policy which shall be clearly and conspicuously entitled, "Buyer's Right to Cancel";

(4) the total cost of the course including tuition and all other charges shall be clearly stated;

(5) the name and description of the course, including the number of hours or credits of classroom instruction and/or home study lessons shall be included;

(6) no contract or agreement shall contain a wage assignment provision and/or a confession of judgment clause;

(7) each contract or enrollment agreement shall contain a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address of the seller to which the notice should be sent or delivered; and

(h) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the school or its owner, officers, agents, or sponsoring organization.

Sec. 3. Minnesota Statutes 1994, section 141.26, subdivision 5, is amended to read:

Subd. 5. [FEE.] The initial and renewal application for each permit shall be accompanied by a nonrefundable fee of \$250 as established by the office.

Sec. 4. Minnesota Statutes 1994, section 141.271, subdivision 4, is amended to read:

Subd. 4. [RESIDENT SCHOOLS.] With respect to all schools offering a resident course of instruction, when a student has been accepted by the school and gives written notice of cancellation after the start of the course of instruction period of instruction for which the student has been charged, but before completion of 75 percent of the course of instruction period of instruction for which the student has been charged, the amount charged for tuition, fees and all other charges for the completed portion of the course period of instruction for which the student has been charged shall not exceed the pro rata portion of the total charges for tuition, fees and all other charges that the length of the completed portion of the course period of instruction for which the student has been charged bears to its total length, plus 25 percent of the total cost of the course period of instruction for which the student has been charged but not to exceed \$100. After

completion of 75 percent of the ~~course of instruction~~ period of instruction for which the student has been charged, no refunds are required.

Sec. 5. Minnesota Statutes 1994, section 141.29, is amended to read:

Subd. 3. [POWERS AND DUTIES.] The ~~board~~ office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

(a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the ~~board~~ office such agreements are or will be helpful in effectuating the purposes of Laws 1973, Chapter 714;

(b) To grant conditional school license for periods of less than one year if in the judgment of the ~~board~~ office correctable deficiencies exist at the time of application and when refusal to issue school license would adversely affect currently enrolled students;

(c) The ~~board~~ office may upon the ~~board's~~ its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, Chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the ~~board~~ office may grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the school is in compliance with the provisions of this chapter, no further action leading to refusal, revocation, or suspension shall be taken.

Sec. 6. [MORATORIUM.]

Notwithstanding any law to the contrary, until June 30, 1997, an educational institution that was licensed under Minnesota Statutes, chapter 141, on December 31, 1995, must continue to comply with the provisions of that chapter and may not use any of the exemptions available under Minnesota Statutes, section 141.35.

Sec. 7. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to private business, trade, and correspondence schools; modifying licensing standards; clarifying miscellaneous provisions; amending Minnesota Statutes 1994, sections 141.25, subdivision 7; 141.26, subdivision 5; 141.271, subdivision 4; and 141.29; Minnesota Statutes 1995 Supplement, section 136A.685."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 2252: A bill for an act relating to state government; clarifying powers of the pollution control agency board and commissioner; amending Minnesota Statutes 1994, sections 115C.03, subdivision 7a; 116.03, as amended; and 514.673, subdivision 3; Minnesota Statutes 1995 Supplement, section 116.02, by adding subdivisions.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 116.02, is amended by adding a subdivision to read:

Subd. 6. The agency shall make final decisions on the following matters:

(1) a petition for the preparation of an environmental assessment worksheet, if the project proposer or a person commenting on the proposal requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8;

(2) the need for an environmental impact statement following preparation of an environmental assessment worksheet under applicable rules, if:

(i) the agency has received a request for an environmental impact statement;

(ii) the project proposer or a person commenting on the proposal requests that the declaration be made by the agency and the agency requests that it make the decision under subdivision 8; or

(iii) the commissioner is recommending preparation of an environmental impact statement;

(3) the scope and adequacy of environmental impact statements;

(4) issuance, reissuance, modification, or revocation of a permit if:

(i) a variance is sought in the permit application or a contested case hearing request is pending;
or

(ii) the permit applicant, the permittee, or a person commenting on the permit action requests that the decision be made by the agency;

(5) final adoption or amendment of agency rules for which a public hearing is required under section 14.25 or for which the commissioner decides to proceed directly to a public hearing under section 14.14, subdivision 1;

(6) approval or denial of an application for a variance from an agency rule if:

(i) granting the variance request would change an air, soil, or water quality standard;

(ii) the commissioner has determined that granting the variance would have a significant environmental impact; or

(iii) the applicant or a person commenting on the variance request requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8; and

(7) whether to reopen, rescind, or reverse a decision of the agency.

Sec. 2. Minnesota Statutes 1995 Supplement, section 116.02, is amended by adding a subdivision to read:

Subd. 7. The commissioner may request that the agency make additional decisions or provide advice to the commissioner.

Sec. 3. Minnesota Statutes 1995 Supplement, section 116.02, is amended by adding a subdivision to read:

Subd. 8. Any other action not specifically within the authority of the commissioner shall be made by the agency if:

(1) prior to the commissioner's final decision on the action, one or more members of the agency notify the commissioner of their request that the decision be made by the agency; or

(2) any person submits a petition to the commissioner requesting that the decision be made by the agency and the commissioner grants the petition.

If the commissioner denies a petition submitted under clause (2), the commissioner shall advise the agency and the petitioner of the reasons for the denial.

Sec. 4. Minnesota Statutes 1995 Supplement, section 116.02, is amended by adding a subdivision to read:

Subd. 9. The commissioner shall inform interested persons as appropriate in public notices and other public documents of their right to request the agency to make decisions in specific matters provided in subdivision 6 and the right of agency members to request that decisions be made by the agency as provided in subdivision 8. The commissioner shall also regularly inform the agency of activities that have broad policy implications or potential environmental significance and of activities in which the public has exhibited substantial interest.

Sec. 5. Minnesota Statutes 1995 Supplement, section 116.02, is amended by adding a subdivision to read:

Subd. 10. The agency must not reopen, rescind, or reverse a decision of the agency except upon the affirmative vote of two-thirds of the agency or a finding that there was an irregularity in a hearing related to the decision, an error of law, or a newly discovered material issue of fact.

Sec. 6. Minnesota Statutes 1994, section 116.03, as amended by Laws 1995, chapters 186, section 31, and 248, article 11, section 7, is amended to read:

116.03 [COMMISSIONER.]

Subdivision 1. (a) The office of commissioner of the pollution control agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy director ~~and an assistant commissioner~~ and assistant commissioners who shall be in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency that are not required to be made by the agency under section 116.02.

Subd. 2. The commissioner shall organize the agency and employ such assistants and other officers, employees and agents as the commissioner may deem necessary to discharge the functions of the commissioner's office, define the duties of such officers, employees and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under such conditions as the commissioner may prescribe. The commissioner may also contract with persons, firms, corporations, the federal government and any agency or instrumentality thereof, the water research center of the University of Minnesota or any other instrumentality of such university, for doing any of the work of the commissioner's office, and none of the provisions of chapter 16B, relating to bids, shall apply to such contracts. ~~All personnel employed and all contracts entered into pursuant to this subdivision shall be subject to the approval of the pollution control agency. Agreements to exercise delegated powers shall be by written order filed with the secretary of state. An employee of the state commissioner of health engaged in environmental sanitation work may transfer to the pollution control agency with the approval of the commissioner. Under such a transfer the employee shall be assigned to a position of similar responsibility and pay without loss of seniority, vacation, sick leave, or other benefits under the state civil service act.~~

Subd. 2a. [MISSION; EFFICIENCY.] It is part of the agency's mission that within the agency's resources the commissioner and the members of the agency shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;
- (3) coordinate the agency's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and

(7) recommend to the legislature, in the performance report of the agency required under section 15.91, appropriate changes in law necessary to carry out the mission of the agency.

Subd. 3. The commissioner of the pollution control agency is the state agent to apply for, receive, and disburse federal funds made available to the state by federal law or rules and regulations promulgated thereunder for any purpose related to the powers and duties of the pollution control agency or the commissioner. The commissioner shall comply with any and all requirements of such federal law or such rules and regulations promulgated thereunder to facilitate application for, receipt, and disbursement of such funds. All such moneys received by the commissioner shall be deposited in the state treasury and are hereby annually appropriated to the commissioner for the purposes for which they are received. None of such moneys in the state treasury shall cancel and they shall be available for expenditure in accordance with the requirements of federal law.

The provisions of section 3.3005 shall not apply to money available under the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980, United States Code, title 42, sections 9601 to 9657, for which a state match is not required or for which a state match is available under the Environmental Response and Liability Act or from a political subdivision. The receipt of the money shall be reported to the legislative advisory commission.

~~Subd. 4. Before entering upon the duties of the office the commissioner of the pollution control agency shall take and subscribe an oath.~~

~~Subd. 5. The salary of the commissioner of the pollution control agency shall be prescribed by the governor, unless otherwise fixed by law.~~

~~Subd. 6. The term of the first director of the pollution control agency shall expire with the term of the governor expiring in January, 1971. Thereafter, the term of the commissioner shall be in conformity with the provisions of this section.~~

Sec. 7. Minnesota Statutes 1994, section 514.673, subdivision 3, is amended to read:

Subd. 3. [APPROVAL BY AGENCY OR PETROLEUM TANK RELEASE COMPENSATION BOARD.] (a) The commissioner may not file an environmental lien notice until the agency board for cleanup action expenses incurred under chapter 115B, or the petroleum tank release compensation board for cleanup action expenses incurred under chapter 115C, the person referred to in section 514.672, subdivision 1, and each record owner and mortgagee of the real property have been notified in writing of the commissioner's intention to file the lien notice and the requirements for filing the lien under paragraph (b) have been met.

(b) By 30 days after receiving notification from the commissioner under paragraph (a), the agency board or petroleum tank release compensation board, after notice and opportunity for the person referred to in section 514.672, subdivision 1, to appear before the appropriate board, shall approve or disapprove of the filing of the lien by the commissioner. If the appropriate board disapproves of the filing, the lien may not be filed. If the appropriate board approves of the filing or, in the case of the petroleum tank release compensation board, takes no action on the matter within the 30-day period, the commissioner may file the lien notice.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective June 1, 1996."

Delete the title and insert:

"A bill for an act relating to state government; clarifying powers of the pollution control agency board and commissioner; amending Minnesota Statutes 1994, sections 116.03, as amended; and 514.673, subdivision 3; Minnesota Statutes 1995 Supplement, section 116.02, by adding subdivisions."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 2149: A bill for an act relating to state government; providing for a representative of organized labor on the pollution control agency board; amending Minnesota Statutes 1995 Supplement, section 116.02, subdivision 1.

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

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 2008: A bill for an act relating to insurance; health; regulating childbirth and postpartum care benefits; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

Delete everything after the enacting clause and insert:

"Section 1. [62A.0411] [MATERNITY CARE.]

Every health plan as defined in section 62Q.01, subdivision 3, that provides maternity benefits must, consistent with other coinsurance, copayment, deductible, and related contract terms, provide coverage of a minimum of 48 hours of inpatient care following a vaginal delivery and a minimum of 96 hours of inpatient care following a cesarean section for a mother and her newborn. A decision to shorten the duration of inpatient care to less than the minimums provided in this section must be made by the mother and the attending health care provider. The health plan shall not provide any compensation or other nonmedical remuneration to encourage a mother and newborn to leave inpatient care before the duration minimums specified in this section.

For purposes of this section, attending health care provider includes the attending obstetrician, pediatrician, family physician or other physician, certified nurse midwife, or pediatric nurse practitioner attending the mother or her newborn.

The health plan must also provide coverage for postdelivery care to a mother and her newborn if the duration of inpatient care is less than the minimums provided in this section.

Postdelivery care consists of a minimum of one home visit by a registered nurse. Services provided by the registered nurse include, but are not limited to, parent education, assistance and training in breast and bottle feeding, and conducting any necessary and appropriate clinical tests. The home visit must be conducted within four days following the discharge of the mother and her child.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective August 1, 1996, and applies to health plans issued or renewed to provide coverage to a Minnesota resident on or after that date."

Delete the title and insert:

"A bill for an act relating to insurance; health; regulating childbirth and postpartum care benefits; proposing coding for new law in Minnesota Statutes, chapter 62A."

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

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1951: A bill for an act relating to human services; adding provisions to the contractual alternative payment demonstration project for nursing homes; amending Minnesota Statutes 1995 Supplement, section 256B.434, subdivisions 2, 4, and 9.

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

Pages 3 to 5, delete section 2

Page 5, line 11, delete the new language

Page 5, delete lines 31 to 36

Page 6, delete lines 1 to 3

Page 6, line 5, delete "3" and insert "2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete ", 4,"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health Care, to which was re-referred

S.F. No. 1881: A bill for an act relating to medical assistance; limiting the burial expense exclusion to \$5,000; prohibiting certain asset transfers within 60 months of application for assistance; establishing a penalty period that begins with the month of application; requiring approval of the commissioner of human services for certain hardship waivers; prohibiting certain asset transfers prior to 60 months before application; amending Minnesota Statutes 1994, sections 149.11; 256B.056, subdivision 3; 256B.0595, by adding subdivisions; 524.2-403; and 524.3-801; Minnesota Statutes 1995 Supplement, section 256B.0595, subdivisions 3 and 4; repealing Minnesota Statutes 1995 Supplement, section 256B.15, subdivision 5.

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

Pages 1 to 4, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED TRANSFERS.] (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

(b) Effective for transfers made after August 10, 1993, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for long-term care services, any transfer of such assets within 36 months before or any time after an institutionalized person applies for medical assistance, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing

evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4. Notwithstanding the provisions of this paragraph, in the case of payments from a trust or portions of a trust that are considered transfers of assets under federal law, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(e) This section applies to the portion of any asset or interest that a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, to any ~~trust, annuity, or other instrument,~~ that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care.

(f) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under sections 256B.0915, 256B.092, and 256B.49.

(g) Effective for transfers made on or after July 1, 1995, or upon federal approval, whichever is later, a person, a person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for long-term care services, any transfer of such assets within 60 months before, or any time after, an institutionalized person applies for medical assistance, or 60 months before, or any time after, a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivision 3 or 4."

Page 6, line 9, delete "trust,"

Page 6, line 10, delete ", or other instrument,"

Page 10, line 5, reinstate the stricken "local agency" and delete "commissioner"

Page 10, lines 9 and 10, reinstate the stricken language and delete the new language

Page 10, lines 11 to 24, delete the new language

Page 11, line 36, delete "commissioner" and insert "local agency"

Page 12, line 2, delete the comma

Page 12, delete line 3

Page 12, line 5, delete everything after the period

Page 12, delete lines 6 to 17

Page 13, line 15, reinstate the stricken language and delete the new language

Page 13, line 17, strike "excess assets" and delete "because the"

Page 13, delete line 18

Page 13, line 19, delete "there exists" and insert "a penalty resulting from a transfer for less than fair market value based on"

Page 13, line 20, delete everything after the period

Page 13, delete lines 21 to 31

Page 13, line 32, delete the new language

Page 15, line 15, delete "commissioner" and insert "local agency"

Page 15, line 18, delete everything after "because"

Page 15, delete line 19

Page 15, line 20, delete everything before "there"

Page 15, line 21, delete everything after the period

Page 15, delete lines 22 to 33

Page 15, line 34, delete everything before "When"

Page 16, after line 35 insert:

"Sec. 11. Minnesota Statutes 1995 Supplement, section 256B.15, is amended by adding a subdivision to read:

Subd. 2a. [LIMITATIONS ON CLAIMS.] The claim shall include only the total amount of medical assistance rendered after age 55 or during a period of institutionalization described in subdivision 1a, clause (b), and the total amount of general assistance medical care rendered, and shall not include interest. Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a spouse who did not receive medical assistance who either predeceases or survives the spouse who did receive medical assistance, for medical assistance rendered for the spouse, is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage."

Page 19, lines 28 and 36, after "assistance" insert "for which a claim could be filed"

Page 20, line 1, after "instrument" insert "or law"

Page 20, line 2, after the comma, insert "except as allowed in this paragraph"

Page 20, line 3, delete everything after "be"

Page 20, line 4, delete "or disposed of" and insert "distributed"

Page 20, line 5, delete "received by" and insert "served upon"

Page 20, line 6, after the comma, insert "as provided in paragraph (c)" and after the period, insert "An affidavit of service shall be prima facie evidence of service and, if it contains a legal description of the affected real property, may be filed or recorded in the office of the county recorder or registrar of titles to establish compliance with the notice requirement established in this paragraph. This restriction on distribution does not apply to the personal representative's sale of real or personal property while the estate is open but does apply to the net proceeds the estate receives from the sale."

Page 21, line 6, delete "3, 5, 7, 9, 10" and insert "2, 4, 6, 8, 9, 11"

Page 21, line 30, delete "1, 2, 4, 6, 8, 11, and 12 to 14" and insert "3, 5 and 7"

Page 21, after line 31, insert:

"(e) Section 1 is effective retroactive to October 1, 1993."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to medical assistance; prohibiting certain asset transfers within 60 months of application for assistance; establishing a penalty period that begins with the month of application; changing the method for determining the length of penalty period; reducing the limit on monthly uncompensated transfers that shall be disregarded; allowing estate claims against the estate of a predeceased spouse in certain situations; creating a cause of action against transferees in certain circumstances; requiring the personal representative to serve notice on the commissioner of human services under certain circumstances; amending Minnesota Statutes 1994, sections 256B.0595, by adding subdivisions; 325F.71, subdivision 2; 524.2-403; and 524.3-801; Minnesota Statutes 1995 Supplement, sections 256B.0595, subdivisions 1, 2, 3, and 4; and 256B.15, by adding a subdivision; repealing Minnesota Statutes 1995 Supplement, section 256B.15, subdivision 5."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Kelly from the Committee on Judiciary, to which was re-referred

S.F. No. 1866: A bill for an act relating to health; providing for the isolation and detention of persons with active tuberculosis who pose an endangerment to the public health; establishing standards and procedures for isolation and detention; requiring reporting by licensed health professionals; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Page 1, line 10, delete "144.419" and insert "144.480"

Page 1, lines 13 and 14, delete "144.419 to 144.4199" and insert "144.480 to 144.4811"

Page 1, line 18, delete "144.419 to 144.4199" and insert "144.480 to 144.4811"

Page 1, line 23, delete "144.4191" and insert "144.4801"

Page 4, after line 25, insert:

"Subd. 13. [PEACE OFFICER.] "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board of peace officer standards and training, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest. "Peace officer" includes the Minnesota state patrol."

Page 4, line 26, delete "13" and insert "14"

Page 4, line 29, delete "14" and insert "15"

Page 4, after line 31, insert:

"Subd. 16. [TREATMENT FACILITY.] "Treatment facility" means a hospital or other treatment provider qualified to provide care, treatment, and appropriate contagion precautions for tuberculosis."

Page 4, line 32, delete "144.4192" and insert "144.4802"

Page 4, line 36, before the period, insert ", unless the current status has previously been reported. A reporting facility may designate an infection control practitioner to report as provided in subdivision 3"

Page 5, line 25, delete "a health or human" and insert "any other"

Page 5, line 26, delete "services"

Pages 6 and 7, delete section 4 and insert:

"Sec. 4. [144.4803] [ISSUANCE OF HEALTH DIRECTIVE.]

Subdivision 1. [STANDING.] Only the commissioner, or a board of health with express delegated authority from the commissioner, may issue a health directive under this section.

Subd. 2. [GROUNDS FOR HEALTH DIRECTIVE.] If the commissioner has reasonable cause to believe that a carrier is an endangerment to the public health or to the health of any other person, and the commissioner seeks to remove a carrier to a hospital or other treatment facility, the commissioner shall, prior to obtaining an apprehend and hold order under section 144.4804, subdivision 2, first issue a health directive to the carrier.

Subd. 3. [CONTENTS OF HEALTH DIRECTIVE.] The health directive must be in writing and must clearly state the relief sought and notify the carrier that failure to timely comply with the directive is grounds for the commissioner to seek an order for a peace officer to apprehend and hold the carrier, transport the carrier to a designated treatment facility, and detain the carrier up to 72 hours, exclusive of Saturdays, Sundays, and legal holidays. In urgent circumstances, the health directive may be an oral statement.

Subd. 4. [SERVICE OF HEALTH DIRECTIVE.] The health directive must be served in the same manner as a summons and complaint under the Minnesota Rules of Civil Procedure 4.03(a) and 4.05, except if urgent circumstances require the health directive to be issued orally.

Sec. 5. [144.4804] [EMERGENCY HOLD.]

Subdivision 1. [NOTICE OF OBLIGATION TO ISOLATE.] If the carrier is in a hospital or other treatment facility, the commissioner, or a carrier's attending physician after obtaining approval from the commissioner, may issue a notice of obligation to isolate to a hospital or other treatment facility if the commissioner or attending physician has reasonable cause to believe that a carrier is a potential endangerment to the public health or to the health of any other person. Upon receiving the notice, the hospital or other treatment facility shall immediately take all reasonable precautions to prevent the carrier from leaving the carrier's room or the facility, including the use of guards or locks, if appropriate.

Subd. 2. [COMMISSIONER'S APPREHEND AND HOLD ORDER.] (a) If the carrier is not in a hospital or other treatment facility, and the carrier has failed to comply in a timely manner with a health directive, the commissioner may apply for an ex parte court order that directs a peace officer in the jurisdiction of the location of the carrier to apprehend and hold the carrier, transport the carrier to a designated treatment facility, and detain the carrier until the carrier is admitted to the treatment facility.

(b) If the carrier flees or forcibly resists the officer or refuses admittance, the officer may use all necessary and lawful means to apprehend and hold the carrier.

(c) This subdivision is sufficient authority for the peace officer to carry out the duties specified in this subdivision.

(d) The commissioner shall provide any information and equipment necessary to protect the peace officer and the peace officer's agents from becoming exposed to tuberculosis by the carrier.

Subd. 3. [DURATION OF DETENTION.] No carrier may be detained under subdivision 1 or 2 longer than 72 hours, exclusive of Saturdays, Sundays, and legal holidays, unless the carrier is served with a health order issued by the court under section 144.4805 and the court has extended the detention under subdivision 4.

Subd. 4. [COURT EXTENSION OF EMERGENCY HOLD.] The commissioner may apply for a court order on an ex parte basis to extend the detention of a carrier for an additional 72 hours, upon an affidavit of the commissioner and service of a health order upon the carrier. The court shall order the continued detention of the carrier for up to 72 hours, exclusive of Saturdays, Sundays, and legal holidays, if it finds that there is reasonable cause to believe that the carrier is an endangerment to the public health or to the health of any other person.

Subd. 5. [NOTICE.] A carrier held pursuant to this section must be notified in writing at the time of detention or admission to the hospital or other treatment facility that the carrier cannot be detained longer than 72 hours, exclusive of Saturdays, Sundays, and legal holidays, unless the carrier is served with a health order and a court order extending the detention.

Subd. 6. [IMMUNITY.] Any peace officer, physician, hospital, or other treatment facility that acts in good faith under this section is immune from liability in any civil, administrative, disciplinary, or criminal action for acting under this section."

Page 7, line 20, delete "144.4194" and insert "144.4805"

Page 7, line 34, delete everything after the period

Page 7, line 35, delete "necessary."

Page 8, lines 9, 12, and 15, delete "if the respondent is a carrier,"

Page 8, line 26, delete "respondent" and insert "carrier" and delete "be represented by"

Page 8, delete line 27

Page 8, line 28, delete "for counsel, the right to"

Page 8, line 29, delete "respondent" and insert "carrier"

Page 8, line 30, after the semicolon, insert "and"

Page 8, delete lines 31 to 36 and insert:

"(vi) the court may authorize the detention of the carrier for up to 60 days, or until a final hearing is held, whichever is sooner."

Page 9, delete lines 1 to 24

Page 9, line 25, delete "6" and insert "4" and delete "respondent" and insert "carrier"

Page 9, line 26, delete "be represented by" and insert "court-appointed"

Page 9, lines 27 and 35, delete "144.419 to 144.4199" and insert "144.480 to 144.4811"

Page 9, line 28, delete everything after the period

Page 9, delete line 29

Page 9, line 30, delete "the court and" and insert "The counsel must be"

Page 9, line 33, delete "7" and insert "5"

Page 10, line 1, delete "8" and insert "6"

Page 10, delete lines 5 to 12

Page 10, line 13, delete "144.4195" and insert "144.4806"

Page 11, line 15, after the semicolon, insert "and"

Page 11, line 21, delete "; and" and insert a period

Page 11, delete lines 22 to 36

Page 12, delete lines 1 to 8 and insert:

"Sec. 8. [144.4807] [PRELIMINARY HEARING.]

Subdivision 1. [GROUNDS FOR HEARING.] The commissioner, or a board of health with express delegated authority from the commissioner, may petition the court for a preliminary hearing to enforce a health order. A respondent may petition the court for relief from the health order. The petition must be filed in the district court for relief from the health order. The petition must be filed in the district court in the county in which the respondent resides.

Subd. 2. [NOTICE OF HEARING.] The notice of the preliminary hearing shall contain the following information:

(1) the time, date, and place of the hearing;

(2) the respondent's right to appear at the hearing;

(3) the respondent's right to present and cross-examine witnesses;

(4) the carrier's right to court-appointed counsel;

(5) the carrier's right to the assistance of an interpreter; and

(6) the court may authorize the detention of the carrier for up to 60 days, or until a final hearing is held, whichever is sooner.

Subd. 3. [HEARING.] The preliminary hearing is governed by section 144.4808, excluding subdivision 3.

Subd. 4. [RELIEF.] If the court finds by a preponderance of the evidence that the carrier is an endangerment to the public health or to the health of any other person, the court shall order the relief sought in the health order. No carrier may be detained more than 60 days under this section without a subsequent court order. A carrier who has been ordered to be detained may petition the court for a final hearing, which must be held within 21 days of the date of the filing of the petition.

Sec. 9. [144.4808] [FINAL HEARING.]

Subdivision 1. [GROUNDS FOR HEARING.] If the court at the preliminary hearing has ordered a carrier to be detained, the carrier may petition the court for a final hearing. The hearing must be held within 21 days of the date the petition is filed with the court and notice of the hearing is served on the commissioner."

Page 12, line 17, before "The" and insert "If the health order requires the carrier to submit to a diagnostic examination for tuberculosis, it is sufficient for the commissioner to prove that there is reasonable cause to believe that the carrier is an endangerment to the public health or the health of any other person. In all other instances,"

Page 13, line 5, delete "90" and insert "60"

Page 13, line 6, delete everything after the period

Page 13, delete lines 7 and 8

Page 13, line 15, delete "144.4197" and insert "144.4809" and before "RELEASE" insert "PERIODIC REVIEW AND" and after "DETENTION" delete "AND"

Page 13, line 16, delete "COMMITMENT"

Page 13, after line 16, insert:

"Subdivision 1. [PERIODIC REVIEW.] If the carrier has been detained in a hospital or other treatment facility pursuant to a court order, the commissioner shall submit a report to the court, the carrier and the carrier's counsel within 90 days of the date of the court-ordered detention and every 90 days after that time, until the carrier is released. The report must state the treatment the carrier has been receiving, whether the carrier has been cured or made noninfectious, and a determination of whether the carrier will be released or continue to be detained. If the carrier contests the commissioner's determination for continued detention, the carrier may request a hearing. The hearing on continued detention is governed by section 144.4808."

Page 13, line 17, delete "Subdivision 1" and insert "Subd. 2"

Page 13, line 25, delete "carrier has demonstrated to the"

Page 13, line 26, after "commissioner" insert "determines"

Page 13, line 28, delete "2" and insert "3"

Page 13, line 35, delete "the carrier has demonstrated to" and after "commissioner" insert "determines"

Page 14, line 2, delete "144.4198" and insert "144.4810"

Page 14, delete lines 3 to 12 and insert:

"The cost of care incurred by the hospital and other providers of services to treat the carrier, including the costs to isolate the carrier under sections 144.480 to 144.4811, must be borne by the carrier, the carrier's health plan, public programs, if eligible, or the state for uninsured indigent persons. A carrier's detention is deemed medically necessary for health plan coverage purposes. If the carrier cannot pay the full cost of care and the carrier does not have public or private health insurance coverage, the carrier shall apply for financial assistance with the aid of the county. For uninsured, indigent persons, the commissioner of human services shall administer payment at the general assistance medical care rate."

Page 14, line 13, delete "144.4199" and insert "144.4811"

Page 14, line 25, delete "144.419 to 144.4199" and insert "144.480 to 144.4811"

Renumber the sections in sequence

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

Mr. Kelly from the Committee on Judiciary, to which was referred

S.F. No. 1735: A bill for an act relating to trusts; enacting the uniform prudent investor act proposed by the National Conference of Commissioners on Uniform State Laws; amending Minnesota Statutes 1994, section 501B.10, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 501B.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 48.38, subdivision 6, is amended to read:

Subd. 6. It may invest all moneys received by it in trust, in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities at the time made and for the safekeeping of these securities and the evidences thereof. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow this direction and, in such case, it shall not be further responsible by reason of the performance of the trust.

It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. For the faithful discharge of its duties and the discharge of its trust, it shall be entitled to reasonable compensation or such amount as has been or may be agreed upon by the parties and all necessary expenses, with legal interest thereon.

In the absence of an express prohibition in the trust instrument, the trustee may acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940. The fact that the banking institution, or any affiliate of the banking institution, is providing services to the investment company or trust as investment advisor, sponsor, broker, distributor, custodian, transfer agent, registrar, or otherwise, and receiving compensation for the services shall not preclude the trustee from investing in the securities of that investment company or trust. The banking institution shall disclose to all current income beneficiaries of the trust the rate, formula, and method of the compensation. This paragraph does not alter the degree of care and judgment required of trustees by section ~~501B.10, subdivision 1~~ 501B.151.

No compensation or commission paid or agreed to be paid to it for the negotiation of any loan or the execution of any trust shall be deemed interest within the meaning of the law, nor shall any excess thereof over the legal rate be deemed usury.

Sec. 2. Minnesota Statutes 1994, section 48.84, is amended to read:

48.84 [CORPORATE TRUSTEE; TRUST FUNDS, INVESTMENT, COMMINGLING.]

Any trust company or state bank which is permitted to exercise trust powers under the provisions of sections 48.37 to 48.47 inclusive may invest all moneys received by it in trust in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of these investments and securities so made, and for the safekeeping of the securities and evidences thereof. In the absence of an express prohibition in the trust instrument, the trustee may acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940. The fact that the banking institution, or any affiliate of the banking institution, is providing services to the investment company or trust as investment advisor, sponsor, broker, distributor, custodian, transfer agent, registrar, or otherwise, and receiving compensation for the services shall not preclude the trustee from investing in the securities of that investment company or trust. The banking institution shall disclose to all current income beneficiaries of the trust the rate, formula, and method of the compensation. This paragraph does not alter the degree of care and judgment required of trustees by section ~~501B.10, subdivision 1~~ 501B.151. When special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest funds held in any trust capacity in authorized securities using its best judgment in the selection thereof, and shall be responsible for the validity, regularity, quality, and value thereof at the time made, and for their safekeeping. Whether it be the sole trustee or one of two or more cotrustees, it may invest in fractional parts of, as well as in whole, securities, or may commingle funds for investment. If it invests in fractional parts of securities or commingles funds for investment, all of the fractional parts of such securities, or the whole of the funds so commingled shall be owned and held by the trust company or state bank in its several trust capacities, and it shall be liable for the administration thereof in all respects as though separately invested; provided, that not more than \$100,000, at the cost price of such investments, shall be so invested for any one trust at any one time in fractional parts or as commingled funds for investment by a trust company or state bank

having capital and surplus of less than \$500,000, unless the authority to invest in fractional parts or as commingled funds be given in the order, judgment, decree, will, or other written instrument governing such trust. Funds so commingled for investment shall be designated collectively as a common trust fund. Such trust company or state bank shall maintain such common trust fund in conformity with the rules and regulations prevailing from time to time of that federal governmental agency which regulates the collective investment of trust funds by national banks. It may, in its discretion, retain and continue any investment and security or securities coming into its possession in any fiduciary capacity. The foregoing shall apply as well whether a corporate trustee is acting alone or with an individual cotrustee.

Sec. 3. Minnesota Statutes 1994, section 317A.161, subdivision 24, is amended to read:

Subd. 24. [MAY INVEST TRUST PROPERTY.] Except where the trust instrument prescribes otherwise, a corporation may invest trust property or its proceeds in accordance with section 501B.10 501B.151.

Sec. 4. [501B.151] [INVESTMENT AND MANAGEMENT OF TRUST ASSETS.]

Subdivision 1. [PRUDENT INVESTOR RULE.] (a) Except as otherwise provided in subsection (b), a trustee who invests and manages trust assets shall comply with the prudent investor rule set forth in this section.

(b) The prudent investor rule, a default rule, may be expanded, restricted, eliminated, or otherwise altered by the provisions of a trust. A trustee is not liable to a beneficiary to the extent that the trustee acted in reasonable reliance on the provisions of the trust.

Subd. 2. [STANDARD OF CARE; PORTFOLIO STRATEGY; RISK AND RETURN OBJECTIVES.] (a) A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.

(b) A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.

(c) The circumstances that a trustee may consider in making investment decisions include, without limitation, the following:

(1) general economic conditions;

(2) the possible effect of inflation;

(3) the expected tax consequences of investment decisions or strategies;

(4) the role that each investment or course of action plays within the overall trust portfolio;

(5) the expected total return from income and the appreciation of capital;

(6) other resources of the beneficiaries known to the trustee, including earning capacity;

(7) needs for liquidity, regularity of income, and preservation or appreciation of capital; and

(8) an asset's special relationship or special value, if any, to the purposes of the trust or to one or more of the beneficiaries if consistent with the trustee's duty of impartiality.

(d) A trustee may invest in any kind of property or type of investment consistent with the standards of this section.

(e) A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise.

Subd. 3. [DIVERSIFICATION.] A trustee shall diversify the investments of the trust unless the

trustee reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying.

Subd. 4. [DUTIES AT INCEPTION OF TRUSTEESHIP.] Within a reasonable time after accepting a trusteeship or receiving trust assets, a trustee shall review the trust assets and make and implement decisions concerning the retention and disposition of assets, in order to bring the trust portfolio into compliance with the purposes, terms, distribution requirements, and other circumstances of the trust, and with the requirements of this section.

Subd. 5. [INVESTMENT COSTS.] In investing and managing trust assets, a trustee may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee.

Subd. 6. [REVIEWING COMPLIANCE.] Compliance with the prudent investor rule is determined in light of the facts and circumstances existing at the time of a trustee's decision or action and not by hindsight. The prudent investor rule is a test of conduct and not of resulting performance.

Subd. 7. [LANGUAGE INVOKING STANDARD.] The following terms or comparable language in the provisions of a trust, unless otherwise limited or modified, authorizes any investment or strategy permitted under this section: "investments permissible by law for investment of trust funds," "legal investments," "authorized investments," "using the judgment and care under the circumstances then prevailing that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital," "prudent man rule," "prudent trustee rule," "prudent person rule," and "prudent investor rule."

Subd. 8. [DISPOSAL OF PROPERTY.] Unless the trust instrument or a court order specifically directs otherwise, a trustee need not dispose of any property, real, personal, or mixed, or any kind of investment, in the trust, however acquired, until the trustee determines in the exercise of a sound discretion that it is advisable to dispose of the property. Nothing in this subdivision excuses the trustee from the duty to exercise discretion at reasonable intervals and to determine at those intervals the advisability of retaining or disposing of property.

Subd. 9. [NO LIMITATION ON POWERS OF COURT.] This section does not restrict the power of a court of proper jurisdiction to permit a trustee to deviate from the terms of a will, agreement, court order, or other instrument relating to the acquisition, investment, reinvestment, exchange, retention, sale, or management of trust property.

Subd. 10. [TRUSTEES DEFINED.] As used in this section, "trustee" means individual trustees and corporations having trust powers acting under wills, agreements, court orders, and other instruments, whether existing on the effective date of this section or made at a later time.

Subd. 11. [INVESTMENT COMPANIES.] (a) In the absence of an express prohibition in the trust instrument, the trustee may acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940. The fact that a trustee which is a banking institution, as defined in section 48.01, subdivision 2, or any affiliate of a trustee which is a banking institution, is providing services to the investment company or trust as investment advisor, sponsor, broker, distributor, custodian, transfer agent, registrar, or otherwise, and receiving compensation for the services shall not preclude the trustee from investing in the securities of that investment company or trust. A trustee which is a banking institution shall disclose to all current income beneficiaries of the trust the rate, formula, and method of the compensation.

(b) This subdivision does not alter the degree of care and judgment required of trustees under this section.

Subd. 12. [APPLICATION TO EXISTING TRUSTS.] This section applies to trusts existing on and created after its effective date. As applied to trusts existing on its effective date, this section governs only decisions or actions occurring after that date.

Subd. 13. [SHORT TITLE.] This section may be cited as the "Minnesota prudent investor act."

Sec. 5. [501B.152] [AGENTS OF TRUSTEE.]

(a) Unless prohibited or otherwise restricted by the terms of the trust instrument, a trustee may delegate to any person, even if the person is associated with the trustee, any trust function that a prudent person of comparable skills could properly delegate under the circumstances. The trustee shall exercise reasonable care, skill, and caution in:

(1) selecting an agent;

(2) establishing the scope and terms of the delegation, consistent with the purposes and terms of the trust; and

(3) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the terms of the delegation.

(b) In performing a delegated trust function, an agent owes a duty to the trust to comply with the terms of the delegation and to act in a manner consistent with the purposes and terms of the trust. This duty shall be enforced by the trustee.

(c) A trustee who complies with the requirements of paragraph (a) is not liable to the beneficiaries or to the trust for the decisions or actions of the agent to whom the trust function was delegated.

(d) By accepting the delegation of a trust function from the trustee of a trust that is subject to the laws of this state, an agent submits to the jurisdiction of the courts of this state.

Sec. 6. Minnesota Statutes 1994, section 525.56, subdivision 4, is amended to read:

Subd. 4. [DUTIES OF GUARDIAN OR CONSERVATOR OF THE ESTATE.] The court may appoint a guardian of the estate if it determines that all the powers and duties listed in this subdivision are needed to provide for the needs of the incapacitated person. The court may appoint a conservator of the estate if it determines that a conservator is necessary to provide for the needs of the incapacitated person through the exercise of some, but not all, of the powers and duties listed in this subdivision. The duties and powers of a guardian or those which the court may grant to a conservator include, but are not limited to:

(1) The duty to pay the reasonable charges for the support, maintenance, and education of the ward or conservatee in a manner suitable to the ward's or conservatee's station in life and the value of the estate. Nothing herein contained shall release parents from obligations imposed by law for the support, maintenance, and education of their children. The guardian or conservator has no duty to pay for these requirements out of personal funds. Wherever possible and appropriate, the guardian or conservator should meet these requirements through governmental benefits or services to which the ward or conservatee is entitled, rather than from the ward's or conservatee's estate. Failure to satisfy the needs and requirements of this clause shall be grounds for removal, but the guardian or conservator shall have no personal or monetary liability;

(2) The duty to pay out of the ward's or conservatee's estate all just and lawful debts of the ward or conservatee and the reasonable charges incurred for the support, maintenance, and education of the ward's or conservatee's spouse and dependent children and, upon order of the court, pay such sum as the court may fix as reasonable for the support of any person unable to earn a livelihood who is legally entitled to support from the ward or conservatee;

(3) The duty to possess and manage the estate, collect all debts and claims in favor of the ward or conservatee, or, with the approval of the court, compromise them, institute suit on behalf of the ward or conservatee and represent the ward or conservatee in any court proceedings, and invest all funds not currently needed for the debts and charges named in clauses (1) and (2) and the management of the estate, in accordance with the provisions of sections 48.84 and ~~501B.10, subdivision 1~~ 501B.151, or as otherwise ordered by the court. The standard of a fiduciary shall be applicable to all investments by a guardian or conservator. A guardian or conservator shall also have the power to purchase certain contracts of insurance as provided in section 50.14, subdivision 14, clause (b);

(4) Where a ward or conservatee has inherited an undivided interest in real estate, the court, on a showing that it is for the best interest of the ward or conservatee, may authorize an exchange or sale of the ward's or conservatee's interest or a purchase by the ward or conservatee of any interest other heirs may have in the real estate.

Sec. 7. Minnesota Statutes 1994, section 529.06, is amended to read:

529.06 [GENERAL DUTIES OF CUSTODIAL TRUSTEE.]

(a) If appropriate, a custodial trustee shall register or record the instrument vesting title to custodial trust property.

(b) If the beneficiary is not incapacitated, a custodial trustee shall follow the directions of the beneficiary in the management, control, investment, or retention of the custodial trust property. In the absence of effective contrary direction by the beneficiary while not incapacitated, the custodial trustee shall observe the standard of care set forth in section 501B.10 501B.151. However, a custodial trustee, in the custodial trustee's discretion, may retain any custodial trust property received from the transferor.

(c) Subject to subsection (b), a custodial trustee shall take control of and collect, hold, manage, invest, and reinvest custodial trust property.

(d) A custodial trustee at all times shall keep custodial trust property of which the custodial trustee has control, separate from all other property in a manner sufficient to identify it clearly as custodial trust property of the beneficiary. Custodial trust property, the title to which is subject to recordation, is so identified if an appropriate instrument so identifying the property is recorded, and custodial trust property subject to registration is so identified if it is registered, or held in an account in the name of the custodial trustee, designated in substance: "as custodial trustee for (name of beneficiary) under the Minnesota uniform custodial trust act."

(e) A custodial trustee shall keep records of all transactions with respect to custodial trust property, including information necessary for the preparation of tax returns, and shall make the records and information available at reasonable times to the beneficiary or legal representative of the beneficiary.

Sec. 8. [REPEALER.]

Minnesota Statutes 1994, sections 501B.10; and 501B.11, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective January 1, 1997."

Delete the title and insert:

"A bill for an act relating to trusts; regulating the investment and management of trust assets; providing standards; amending Minnesota Statutes 1994, sections 48.38, subdivision 6; 48.84; 317A.161, subdivision 24; 525.56, subdivision 4; and 529.06; proposing coding for new law in Minnesota Statutes, chapter 501B; repealing Minnesota Statutes 1994, sections 501B.10; and 501B.11."

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 2219: A bill for an act relating to state government; modifying performance report requirements; requiring that interagency bills be paid promptly; prohibiting state agencies from undertaking capital improvements without legislative authority; conforming certain leased space requirements to existing law; requiring that state agencies comply with certain information policy office requirements regarding information systems equipment and data collection; modifying revolving fund authority; increasing resource recovery goals; modifying collection requirements;

amending Minnesota Statutes 1994, sections 16A.055, subdivision 1; 16A.124, subdivision 7, and by adding a subdivision; 16B.30; 16B.31, subdivision 6; 16B.41, by adding a subdivision; 16B.48, subdivision 2; and 115A.151; Minnesota Statutes 1995 Supplement, sections 15.91, subdivision 2; and 115A.15, subdivision 9.

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

Page 6, line 17, delete "separate"

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 2834: A bill for an act relating to watercraft; modifying the requirements for operation of a motor boat by a youth; modifying the provisions for operation of a personal watercraft by a youth; amending Minnesota Statutes 1994, sections 86B.305, subdivisions 1 and 2; and 86B.313, subdivision 2.

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

Page 1, line 17, reinstate the stricken "30" and delete "25"

Page 2, line 6, reinstate the stricken "30" and delete "40"

Page 2, line 8, strike "unless there is a person age 18 or"

Page 2, lines 9 to 11, strike the old language and delete the new language

Page 2, line 12, delete the new language

Page 2, line 23, delete "the day following final enactment" and insert "May 1, 1996"

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

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1655: A bill for an act relating to local government; requiring a sustainable development planning guide and a model ordinance to be developed for local government use by the office of strategic and long-range planning; proposing coding for new law in Minnesota Statutes, chapter 4A.

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

Page 1, line 18, delete "1996" and insert "1997"

Page 1, line 23, delete "1996" and insert "1997"

Page 1, line 25, delete "adopt" and insert "prepare"

Page 2, line 15, delete "June 1, 1995" and insert "the day after final enactment"

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1905: A bill for an act relating to parks and recreation; adding to and deleting from state parks.

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

Page 1, after line 20, insert:

"Subd. 2. [85.012] [Subd. 32a] [LAC QUI PARLE STATE PARK, LAC QUI PARLE COUNTY.] The following areas are added to Lac qui Parle state park:

(1) The Northwest Quarter of the Southwest Quarter of Section 12, Township 118 North, Range 42 West.

(2) The North One Half of the Southeast Quarter, the Southwest Quarter of the Northeast Quarter, and the Southeast Quarter of the Southeast Quarter of Section 11, in Township 118 North, Range 42 West, except the following parts taken by the state of Minnesota as part of the Lac qui Parle project:

(i) a tract of land described as follows: Beginning at the Northeast Corner of Section 14, in Township 118 North, Range 42 West, thence South 1283 feet measured along the East line of said Section 14, thence in a Northwesterly direction along the 945 contour line of the Lac qui Parle project as now surveyed across the Northeast Quarter of the Northeast Quarter, of said Section 14, a distance of 1385 feet to the place where said contour line intersects the North line of said Section 14 thence East along the North line of said Section, 507.2 feet to the point of beginning; and

(ii) a tract of land described as follows: Beginning at a point on the West line of Section 13, in Township 118 North, Range 42 West of the Fifth Principal Meridian, 560 feet South of the Northwest Corner of said Section where the Westerly right-of-way line of the highway as now located across said Section intersects the West line of said Section, thence Southerly along the Westerly right-of-way line of highway 1255 feet to the point where the 945 contour line of the Lac qui Parle project intersects the Westerly line of the highway, thence Northwesterly on a line which bears North 73 Degrees 55 Minutes West a distance of 75 feet; thence along a line which bears North 44 Degrees 44 Minutes West a distance of 578.2 feet to the West line of said Section 13, thence North along the West line of said Section 723 feet to the point of beginning."

Page 1, line 21, delete "2" and insert "3"

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

Page 2, line 6, delete "4" and insert "5"

Page 2, line 14, delete "5" and insert "6"

Page 2, line 15, after the headnote, insert "(a)"

Page 2, line 16, after "park" insert ", all in Section 1, Township 31 North, Range 20 West, Washington County, Minnesota"

Page 4, delete lines 13 and 14 and insert:

"(b) The following area is added to William O'Brien state park, all in Section 36, Township 32 North, Range 20 West, Washington County, Minnesota: The Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 2802: A bill for an act relating to natural resources; providing an appropriation for snowmobile grants-in-aid; appropriating money.

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

Page 1, line 10, delete "\$200,000" and delete "for the fiscal year ending" and insert "until" and after "30," insert "1997."

Page 1, delete lines 11 and 12 and insert:

"Sec. 2. [SNOWMOBILE REPORT.]

The commissioner of natural resources shall prepare a report that contains the following:

(1) an implementation plan for using at least 65 percent of all money appropriated from the snowmobile trails and enforcement account for snowmobile grants-in-aid beginning in the 1998-1999 biennium; and

(2) recommendations for additional funding sources for snowmobile grants-in-aid.

The report must be submitted by October 1, 1996, to the finance division of the senate committee on environment and natural resources and the house of representatives committee on environment and natural resources finance."

Page 1, line 13, delete "2" and insert "3"

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring a report;"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Price from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 2037: A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; regulating the use of credit cards by institutions; modifying interest rates, fees, and other terms and conditions governing the use of credit cards; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 45.025, subdivision 1; 46.041, subdivision 1; 46.044, subdivision 1; 47.016, subdivision 2, and by adding a subdivision; 47.10, subdivision 4; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.185, subdivisions 3 and 4; 48.301; 48.34; 48.61, by adding a subdivision; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.005, subdivision 1; 168.69; 168.705; 168.71; 168.72, by adding a subdivision; 168.73; 300.025; 332.21; 334.02; and 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivision 9; 47.52; 47.59, subdivisions 2, 3, 4, 5, 6, and by adding subdivisions; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivision 4; 53.04, subdivision 3a; 53.09, subdivision 2; 56.131, subdivisions 2, 4, and 6; 56.14; and 62B.04, subdivisions 1 and 2; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapter 49; repealing Minnesota Statutes 1994, sections 13.99, subdivision 13; 47.201, subdivision 7; 47.27, subdivision 3; 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51;

51A.52; 51A.54; 51A.55; 51A.56; 51A.57; and 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; and 53.04, subdivision 3c.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

FINANCIAL INSTITUTIONS TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1994, section 9.031, subdivision 13, is amended to read:

Subd. 13. [REQUIRED COMMUNITY REINVESTMENT RATING.] Banks and trust companies designated as depositories must have received ratings of "outstanding" or "satisfactory" as their most recent rating ~~under section 47.83 or under United States Code, title 12, section 2906.~~ If a state depository receives a rating that is below "satisfactory," the executive council shall revoke its designation as a depository. The executive council may delay the effective date of the revocation if necessary to allow a reasonable period of time to arrange for a replacement depository.

Sec. 2. Minnesota Statutes 1994, section 46.044, subdivision 1, is amended to read:

Subdivision 1. [CHARTERS ISSUED, CONDITIONS.] An application must be granted if (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the organization expenses being paid by the bank do not exceed those allowed by section 46.043, (4) the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, (5) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (6) the commissioner is satisfied that the capital funds required pursuant to section 48.02 are available and the commissioner may accept any reasonable demonstration including subscription agreements supported by current financial statements, ~~and (7) the applicant, if it is an interstate bank holding company, as defined in section 48.92, has provided developmental loans as required by section 48.991, and has complied with the net new funds reporting requirements of section 48.93, the application must be granted; otherwise. If the application does not satisfy the requirements of this subdivision, it must be denied.~~ In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved, may obtain judicial review of the determination in accordance with chapter 14.

Sec. 3. Minnesota Statutes 1995 Supplement, section 46.048, subdivision 2b, is amended to read:

Subd. 2b. [NOTICE.] Upon the filing of ~~an application~~ a notice:

(1) an ~~applicant~~ acquiring party shall publish once in a newspaper of general circulation notice of the proposed acquisition in a form acceptable to the commissioner; and

(2) the commissioner shall accept public comment on ~~an application~~ a notice for a period of not less than 30 days from the date of the publication required by clause (1).

Sec. 4. Minnesota Statutes 1994, section 47.016, subdivision 2, is amended to read:

Subd. 2. [SCOPE AND PURPOSE.] This section applies to sales of credit insurance by employees, officers, directors, and shareholders of a financial institution and by corporations, partnerships, associations, and other entities in which these persons have an interest. The purposes of this section are (1) to prohibit with limited exceptions employees, officers, directors, members, and shareholders of financial institutions from benefiting personally on the sale of credit insurance to loan customers and (2) to encourage marketing of credit insurance through the use of financial

facilities only under arrangements which assure that employees, officers, directors, and shareholders do not receive benefits not shared with all stockholders or members of the financial institution.

Sec. 5. Minnesota Statutes 1994, section 47.016, is amended by adding a subdivision to read:

Subd. 4. [EXCEPTION; LIMITATION.] Bank employees and officers may participate in a bonus or incentive plan under which payments based on credit life insurance sales are made in cash or in kind out of the bank's funds not more frequently than quarterly and in an amount not exceeding, in any one year, five percent of the recipient's annual salary.

Sec. 6. Minnesota Statutes 1994, section 47.10, subdivision 4, is amended to read:

Subd. 4. [APPROVAL OF CERTAIN INSIDER AGREEMENTS.] No bank, trust company, savings bank, or savings association may purchase or, sell, or lease real property, personal property, improvements or equipment of a value of \$25,000 or more if the purchaser or, seller, lessor, or lessee other than the bank, trust company, savings bank, or savings association has an existing direct or indirect interest in the institution without prior written approval by the commissioner. Each bank, trust company, savings bank, or savings association must maintain documentation of transactions with interested parties, including personal property leases and purchases or sales of under \$25,000, which demonstrates the commercial reasonableness and fair market value of the transaction.

Sec. 7. Minnesota Statutes 1995 Supplement, section 47.20, subdivision 1, is amended to read:

Subdivision 1. Pursuant to rules the commissioner of commerce finds to be necessary and proper, if any, banks, savings banks, and savings associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of commerce, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, are authorized:

(1) To make loans and advances of credit and purchases of obligations representing loans and advances of credit which are insured or guaranteed by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, or the administrator of the farmers home administration pursuant to the consolidated farm and rural development act, Public Law Number 87-128, as amended, and to obtain the insurance or guarantees;

(2) To make loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration has insured or guaranteed or made a commitment to insure or guarantee, and to obtain the insurance or guarantees;

(3) To make, purchase, or participate in such loans and advances of credit, without reference to section 47.58, reverse mortgage loans, as would be eligible for purchase, in whole or in part, by the federal national mortgage association or the federal home loan mortgage corporation, but without regard to any limitation placed upon the maximum principal amount of an eligible loan;

(4) To make, purchase or participate in such loans and advances of credit secured by mortgages on real property which are authorized or allowed by the office of thrift supervision or the office of the comptroller of the currency, or any successor to these federal agencies.

Sec. 8. Minnesota Statutes 1995 Supplement, section 47.20, subdivision 9, is amended to read:

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings

associations, mortgage banks, savings banks, insurance companies, credit unions or assignees of the above.

(a) Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one-to-four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration, shall calculate interest on such funds at a rate of not less than five three percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to the mortgagor's account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to June 1, 1976, as well as to accounts created after June 1, 1976 in conjunction with mortgage loans made prior to July 1, 1996.

(b) A mortgagee shall allow a mortgagor to elect to discontinue the escrow account after the seventh anniversary of the date of the mortgage, unless the mortgagor has been more than 30 days delinquent in the previous 12 months.

(c) The mortgagee shall notify the mortgagor within 60 days after the seventh anniversary of the date of the mortgage if the right to discontinue the escrow account is in accord with paragraph (b). For mortgage loans entered into, on or prior to July 1, 1989, the notice required by this paragraph shall be provided to the mortgagor by January 1, 1997.

(d) A mortgagee may require the mortgagor to reestablish the escrow account if the mortgagor has failed to make timely payments for two consecutive payment periods at any time during the remaining term of the mortgage, or if the mortgagor has failed to pay taxes or insurance premiums when due. A payment received during a grace period shall be deemed timely.

(e) The mortgagee shall return any funds remaining in the account to the mortgagor within 60 days after receipt of the mortgagor's written notice of election to discontinue the escrow account.

(f) The mortgagee shall not charge a direct fee for the administration of the escrow account or a fee, higher loan rate, or other consideration for allowing the mortgagor to discontinue the escrow account.

(g) The following mortgages are exempt from the requirements of this subdivision:

- (1) mortgage loans for which the escrow account is required by federal law or regulation;
- (2) mortgages, the original principal amount of which is in excess of 80 percent of the lender's appraised value at the time the mortgage loan is made;
- (3) mortgage loans insured or guaranteed by the United States Secretary of Housing and Urban Development, by the United States Secretary of the Department of Veteran's Affairs, or by Rural Economic and Community Development, United States Department of Agriculture;
- (4) mortgages which are pooled and which constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of a political subdivision; or
- (5) mortgages, the original principal amount of which exceeded the maximum mortgage amount limitations of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation on the date the mortgage was made, whichever amount was higher.

(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the

mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:

(a) the mortgagor may personally manage the payment of insurance and taxes;

(b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or

(c) the mortgagor may elect to maintain a noninterest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.

A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.

A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to this subdivision.

Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, chapter 350 amending the subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.

A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.

Any notice required by this clause shall be on forms approved by the commissioner of commerce and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.

This clause does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).

(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

Sec. 9. Minnesota Statutes 1994, section 47.20, subdivision 14, is amended to read:

Subd. 14. (a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

(b) Any refund or rebate for unearned private mortgage insurance premiums shall be paid to the borrower or other person actually providing the funds for payment of the premium.

(c) With regard to first mortgage loans made on or after January 1, 1997, the mortgagor shall have the right to elect, in writing, to cancel borrower-purchased private mortgage insurance if all of the following terms and conditions have been met:

(1) if the current unpaid principal balance of a first mortgage is 75 percent or less of the current appraised value of the property. "Current appraised value" shall be based upon a current appraisal by a real estate appraiser licensed or certified by the appropriate state or federal agency and reasonably acceptable to the lender. The lender may require the person to pay for the appraisal;

- (2) the mortgagor has not been more than 30 days delinquent in the previous 24 months;
- (3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation of private mortgage insurance;
- (4) the property securing the mortgage is owner-occupied; and
- (5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of political subdivision of the state of Minnesota.
- (d) The lender shall not charge the borrower a fee or other consideration for cancellation of the private mortgage insurance.
- (e) A lender requiring private mortgage insurance shall provide an annual written notice to each borrower that is currently paying premiums for private mortgage insurance. The annual notice shall be on its own page and shall appear substantially as follows:

NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right to cancel the insurance and cease paying premiums. In most cases, you have the right to cancel private mortgage insurance if the principal balance of your loan is 75 to 80 percent or less of the current appraised value of your home. If you wish to learn whether you are eligible to cancel this insurance, please contact us at [address/phone].

If a mortgage loan governed by paragraph (c) is serviced in accordance with the guidelines of either the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, the lender shall cancel private mortgage insurance in accordance with the cancellation guidelines of either of these entities in effect at the time the request for cancellation is received.

Sec. 10. Minnesota Statutes 1994, section 47.201, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION.] Notwithstanding the provisions of ~~sections~~ section 334.01, subdivision 1, and 51A.37, subdivision 3, clause (d), any financial institution is authorized to make graduated payment home loans and purchases representing graduated payment home loans pursuant to such rules as the commissioner of commerce finds to be necessary and proper, if any, at an interest rate not in excess of the maximum lawful interest rate prescribed in section 47.20, subdivision 4a. Notwithstanding the provisions of section 334.01, subdivision 1, where initial repayments of a graduated payment home loan are less than the total accrued outstanding interest, the excess accrued and unpaid interest may be added to the outstanding loan balance on which interest accrues at the contracted rate.

Sec. 11. Minnesota Statutes 1995 Supplement, section 47.61, subdivision 3, is amended to read:

Subd. 3. (a) "Electronic financial terminal" means an electronic information processing device that is established to do either or both of the following:

- (1) capture the data necessary to initiate financial transactions; or
- (2) through its attendant support system, store or initiate the transmission of the information necessary to consummate a financial transaction.
- (b) "Electronic financial terminal" does not include:
- (1) a telephone;
- (2) an electronic information processing device that is used internally by a financial institution to conduct the business activities of the institution; or
- (3) an electronic point-of-sale terminal operated by a retailer that is used to process payments for the purchase of goods and services by consumers, and which also may be used to obtain cash

advances or cash back incidental to the retail sale transactions, through the use of credit cards or debit cards, provided that the payment transactions using debit cards are subject to the federal Electronic Funds Transfer Act, United States Code, title 12, sections 1693 et seq., and Regulation E of the Federal Reserve Board, Code of Federal Regulations, title 12, subpart 205.2; this clause does not exempt the retailer from liability for negligent conduct or intentional misconduct of the operator under section 47.69, subdivision 5.

Sec. 12. Minnesota Statutes 1994, section 48.09, is amended to read:

48.09 [DIVIDENDS; SURPLUS.]

Subdivision 1. [CREATION OF SURPLUS FUND.] At the end of each dividend period, after deducting all necessary expenses, losses, amounts receivable more than one year overdue and not well secured, interest, and taxes due or levied, all of the remaining net profits for the period shall be set aside as a surplus fund, if the surplus fund of the banking institution is not then equal to one-fifth of the capital stock. If the surplus fund is more than one-fifth of the capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may think expedient, subject to the commissioner's approval. When in any way impaired the surplus fund shall be raised to this percentage in like manner.

Subd. 2. [UNDECLARED NET PROFITS, PRIOR DIVIDEND PERIODS.] Any amount of remaining net profits qualifying for dividend declaration in subdivision 1 and not declared at the end of each annual dividend period may be subject to dividend declaration under the requirements of subdivision 1 during any of the three subsequent annual dividend periods.

Sec. 13. Minnesota Statutes 1994, section 48.10, is amended to read:

48.10 [ANNUAL AUDIT; REPORT.]

The board of directors shall annually examine the books of a bank, bank and trust, and trust company, either in person, or by appointing an examining committee, or an auditor, who may be an independent auditor or accountant. The examining committee or auditor shall be solely responsible to the directors. A report shall be made to the directors as to the scope of the examination or audit, and also to show those assets, excluding marketable securities and fixed assets, which are carried on the books for more than actual value. This report shall be retained as a permanent record or incorporated in the minutes of the meeting, and a copy of the report shall be sent to the commissioner of commerce.

Sec. 14. Minnesota Statutes 1995 Supplement, section 48.153, subdivision 3a, is amended to read:

Subd. 3a. A savings bank organized under chapter 50, ~~a savings association subject to the provisions of sections 51A.01 to 51A.57,~~ or a savings association chartered under the laws of the United States, that has its principal place of business in this state, may make a loan for consumer purposes to a natural person in an amount not exceeding \$25,000 repayable in installments, and may charge a rate of interest upon the unpaid principal balance of the amount financed of 12 percent a year, or the rate of interest authorized by section 48.195, whichever is greater. If the rate of interest charged is permitted by section 48.195 at the time the loan is made, the rate does not later become usurious because of a fluctuation in the federal discount rate.

Sec. 15. Minnesota Statutes 1995 Supplement, section 48.194, is amended to read:

48.194 [INSTALLMENT SALES CONTRACTS; LOANS.]

A person may enter into a credit sale or service contract for sale to a state or national bank doing business in this state, and a bank may purchase and enforce the contract under the terms and conditions set forth in ~~sections~~ section 47.59, subdivisions 2 and 4 to 14; and 51A.386, subdivision 4. A state bank or national bank may extend credit pursuant to the terms and conditions set forth in ~~sections 47.59, and 47.60, and 51A.386, subdivision 4.~~

Sec. 16. Minnesota Statutes 1994, section 48.301, is amended to read:

48.301 [MULTIPARTY ACCOUNTS.]

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter 528 524.

Sec. 17. Minnesota Statutes 1995 Supplement, section 48.65, is amended to read:

48.65 [TRUST COMPANIES TO COMPLY WITH CERTAIN LAWS.]

No trust company of this state shall conduct a banking business, as defined in section 47.02, exercising deposit taking powers, without fully complying with the provisions of section 48.221 relating to the reserve requirements of the state banks.

Sec. 18. Minnesota Statutes 1994, section 48.845, subdivision 4, is amended to read:

Subd. 4. "Affiliated bank" with respect to another bank or a trust company means any bank which is owned or controlled by the corporation which owns or controls that other bank or trust company, including a wholly owned subsidiary of the other bank or trust company.

Sec. 19. Minnesota Statutes 1995 Supplement, section 50.1485, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] In addition to other investments authorized by law, a savings bank may make, purchase, or invest in:

(a) loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer;

(b) consumer loans, which may be unsecured or secured by personal or real property. Consumer loans include, but are not limited to, closed-end installment loans, single payment loans, nonamortizing loans, open-end revolving line of credit loans, credit card loans and extensions of credit, and overdraft protection loans. For the purpose of this paragraph, "consumer loan" means a loan made by the savings bank in which: (1) the debtor is a person other than an organization; (2) the debt is incurred primarily for personal, family, or household purpose; and (3) the debt is payable in installments or a finance charge is made;

(c) secured and unsecured loans to organizations and natural persons for business or commercial purposes. For the purpose of this paragraph, "organization" means a corporation, government or governmental subdivision, or agency, trust, estate, partnership, limited liability partnership, limited liability company, joint venture, cooperative, or association. "Business or commercial purpose" means a purpose other than personal, family, household, or agricultural purpose;

(d) secured and unsecured loans for agricultural purposes. For the purpose of this paragraph, "agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, and forest products, and products raised or produced on farms, including processed or manufactured products;

(e) credit sale contracts, which means a sale of goods, services, or an interest in land in which credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind, and the debt is payable in installments or a finance charge is made;

(f) loans on the security of deposit accounts;

(g) ~~real estate loans, subject to the conditions applicable to savings associations under section 51A.38 and Minnesota Statutes 1994, section 51A.385.~~ "Real estate loans" which include a loan or other obligation secured by a first lien on real estate in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of the loan or obligation, or a transaction out of which a first lien or claim is

created against the real estate, including the purchase of the real estate in fee by a savings bank and the concurrent or immediate sale of it on installment contract;

(h) secured or unsecured loans for the purpose of repair, improvement, rehabilitation, or furnishing of real estate;

(i) loans for the purpose of financing or refinancing an ownership interest in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, or a proprietary lease from, a corporation, limited liability company, trust, limited liability partnership, or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of certificates or other evidence of ownership of the borrower;

(j) loans guaranteed or insured, in whole or in part, by the United States or any of its instrumentalities;

(k) issuance of letters of credit or other similar arrangements; and

(l) any other type of loan authorized by rules adopted by the commissioner.

Sec. 20. Minnesota Statutes 1995 Supplement, section 50.245, subdivision 4, is amended to read:

Subd. 4. [PROCEDURAL REQUIREMENTS.] Procedural requirements equivalent to those contained in sections 48.90 to 48.991 48.995 apply to reciprocal interstate branching and acquisitions by savings banks and savings bank holding companies.

Sec. 21. Minnesota Statutes 1994, section 52.131, is amended to read:

52.131 [MULTIPARTY ACCOUNTS.]

When any deposit is made in the names of two or more persons jointly, or by any person payable on death (P.O.D.) to another, or by any person in trust for another, the rights of the parties and the financial institution are determined by chapter 528 524.

Sec. 22. Minnesota Statutes 1994, section 53.01, is amended to read:

53.01 [ORGANIZATION.]

It is lawful for three or more persons, who desire to form a corporation for the purpose of carrying on primarily the business of loaning money to persons within the conditions set forth in this chapter, to organize, under this chapter, an industrial loan and thrift company, by filing with the secretary of state articles of incorporation, and upon paying the fees prescribed by sections 301.07 and 301.071 or chapter 302A and upon compliance with the procedure provided for the organization and government of ordinary corporations under the laws of this state, and upon compliance with the additional requirements of this chapter prior to receiving authorization to do business.

Sec. 23. Minnesota Statutes 1994, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a \$1,000 filing fee and a \$500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. If the application

~~is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the general fund shall be paid by the applicant and 50 percent equally by the intervening parties. An application for powers under subdivision 2b must also require that a notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper likely to give notice in the municipality in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 21 days of the notice having been fully published a contested case hearing must be conducted on the application. Notice of a hearing in connection with this section must be published once in the form prescribed by the department of commerce, at the expense of the applicant, in the same manner as a notice of application, the commissioner shall proceed in the same manner as required under section 46.041, subdivisions 3 and 4, relating to state banks.~~

Sec. 24. Minnesota Statutes 1994, section 53.07, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY RESERVE MINIMUM.] Until an industrial loan and thrift company obtains a commitment for insurance or guarantee of accounts acceptable to the commissioner as required by section 53.10, it shall establish a minimum reserve against the certificates of indebtedness, savings accounts, and savings deposits described in section 53.04, subdivision 5, of not less than ten percent of the amount of indebtedness thus created. Three percent of this indebtedness shall be in cash in the actual possession of the industrial loan company or on demand deposit in approved banks of this state, and seven percent of the total indebtedness may be in bonds admissible for investment by mutual savings banks under the laws of this state.

Sec. 25. Minnesota Statutes 1995 Supplement, section 53.09, subdivision 2, is amended to read:

Subd. 2. [REPORT TO COMMISSIONER.] (1) Each industrial loan and thrift company shall annually on or before the first day of March file a report with the commissioner stating in detail, under appropriate heads, its assets and liabilities at the close of business on the last day of the preceding calendar year. This report shall be made under oath in the form prescribed by the commissioner.

(2) Each industrial loan and thrift company which holds authority to accept accounts pursuant to section 53.04, subdivision 5, shall in place of the requirement in clause (1) submit the reports and ~~make the publication~~ required of state banks pursuant to section 48.48.

(3) Within 30 days following a change in controlling ownership of the capital stock of an industrial loan and thrift company, it shall file a written report with the commissioner stating in detail the nature of such change in ownership.

Sec. 26. Minnesota Statutes 1995 Supplement, section 55.10, subdivision 4, is amended to read:

Subd. 4. [WILL SEARCHES, BURIAL DOCUMENTS PROCUREMENT, AND INVENTORY OF CONTENTS.] (a) Upon being furnished with satisfactory proof of death of a sole lessee or the last surviving co-lessee of a safe deposit box, an employee of the safe deposit company shall open the box and examine the contents in the presence of an employee of the safe deposit company and an individual who appears in person and furnishes an affidavit stating that the individual believes:

(1) the box may contain the will or deed to a burial lot or a document containing instructions for the burial of the lessee or that the box may contain property belonging to the estate of the lessee; and

(2) the individual is an interested person as defined in this section and wishes to open the box for any one or more of the following purposes:

(i) to conduct a will search;

(ii) to obtain a document required to facilitate the lessee's wishes regarding body, funeral, or burial arrangements; or

(iii) to obtain an inventory of the contents of the box.

(b) The safe deposit company may not open the box under this section if it has received a copy of letters of office of the representative of the deceased lessee's estate or other applicable court order.

(c) The safe deposit company need not open the box if:

(1) the box has previously been opened under this section for the same purpose;

(2) the safe deposit company has received notice of a written or oral objection from any person or has reason to believe that there would be an objection; or

(3) the lessee's key or combination is not available.

(d) For purposes of this section, the term "interested person" means any of the following:

(1) a person named as personal representative in a purported will of the lessee;

(2) a person who immediately prior to the death of the lessee had the right of access to the box as a deputy;

(3) the surviving spouse of the lessee;

(4) a devisee of the lessee;

(5) an heir of the lessee; or

(6) a person designated by the lessee in a writing acceptable to the safe deposit company which is filed with the safe deposit company before death.

(e) For purposes of this section, the term "will" includes a will or a codicil.

(f) If the box is opened for the purpose of conducting a will search, the safe deposit company shall remove any document that appears to be a will and make a true and correct machine copy thereof, replace the copy in the box, and then deliver the original thereof to the clerk of court for the county in which the lessee resided immediately before the lessee's death, if known to the safe deposit company, otherwise to the clerk of the court for the county in which the safe deposit box is located. The will must be personally delivered or sent by registered mail. If the interested person so requests, any deed to burial lot or document containing instructions for the burial of the lessee may be copied by the safe deposit box company and the copy or copies thereof delivered to the interested person.

(g) If the box is opened for the purpose of obtaining a document required to facilitate the lessee's wishes regarding the body, funeral, or burial arrangements, any such document may be removed from the box and delivered to the interested person with a true and correct machine copy retained in the box. If the safe deposit box company discovers a document that appears to be a will, the safe deposit company shall act in accordance with paragraph (f).

(h) If the box is opened for the purpose of obtaining an inventory of the contents of the box, the employee of the safe deposit company shall make, or cause to be made, an inventory of the contents of the box, to which the employee and the interested person shall attest under penalty of perjury to be correct and complete. Within ten days of opening the box pursuant to this subdivision, the safe deposit company shall deliver the original inventory of the contents to the court administrator for the county in which the lessee resided immediately before the lessee's death, if known to the safe deposit company, otherwise to the court administrator for the county in which the safe deposit box is located. The inventory must be personally delivered or sent by registered mail. If the interested person so requests, the safe deposit company shall make a true and correct copy of any document in the box and deliver that copy to the interested person. If the contents of the box include a document that appears to be a will, the safe deposit company shall act in accordance with paragraph (f).

(i) The safe deposit company need not ascertain the truth of any statement in the affidavit required to be furnished under this subdivision and when acting in reliance upon an affidavit, it is discharged as if it dealt with the personal representative of the lessee. The safe deposit company is not responsible for the adequacy of the description of any property included in an inventory of the contents of a safe deposit box, nor for conversion of the property, except for conversion by intentional acts of the company or its employees, directors, officers, or agents. If the safe deposit company is not satisfied that the requirements of this subdivision have been met, it may decline to open the box.

(j) No contents of a box other than a will and a document required to facilitate the lessee's wishes regarding body, funeral, or burial arrangements may be removed pursuant to this subdivision. The entire contents of the box, however, may be removed pursuant to section 524.3-1201.

Sec. 27. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 4, is amended to read:

Subd. 4. [ADJUSTMENT OF DOLLAR AMOUNTS.] ~~(a) The dollar amounts in this section, sections 53.04, subdivision 3a, paragraph (c), 56.01, 56.12, and 56.125 shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross domestic product, 1987 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December 1991 is the reference base index for adjustments of dollar amounts 47.59, subdivision 3.~~

~~(b) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more, but;~~

~~(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1995, chapter 202, on the date of enactment; and~~

~~(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of this section.~~

~~(c) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.~~

~~(d) The commissioner shall announce and publish:~~

~~(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (b); and~~

~~(2) promptly after the changes occur, changes in the index required by paragraph (c) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.~~

~~(e) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if that person relies on dollar amounts either determined according to paragraph (b), clause (2) or appearing in the last publication of the commissioner announcing the then current dollar amounts.~~

~~(f) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.~~

Sec. 28. Minnesota Statutes 1995 Supplement, section 56.14, is amended to read:

56.14 [DUTIES OF LICENSEE.]

Every licensee shall:

(1) deliver to the borrower (or if there are two or more borrowers to one of them) at the time any loan is made a statement making the disclosures and furnishing the information required by the federal Truth-in-Lending Act, United States Code, title 15, sections 1601 to 1667e, as amended from time to time, with respect to the contract of loan. A copy of the loan contract may be delivered in lieu of a statement if it discloses the required information;

(2) deliver or mail to the borrower without request, a written receipt within 30 days following payment for each payment by coin or currency made on account of any loan wherein charges are computed and paid on unpaid principal balances for the time actually outstanding, specifying the amount applied to charges and the amount, if any, applied to principal, and stating the unpaid principal balance, if any, of the loan; and wherein precomputed charges have been added to the principal of the loan specifying the amount of the payment applied to principal and charges combined, the amount applied to default or extension charges, if any, and stating the unpaid balance, if any, of the precomputed loan contract. A periodic statement showing a payment received by mail complies with this clause;

(3) permit payment to be made in advance in any amount on any contract of loan at any time, but the licensee may apply the payment first to all charges in full at the agreed rate up to the date of the payment;

(4) upon repayment of the loan in full, mark indelibly every obligation and security, other than a mortgage or security agreement which secures a new loan to the licensee, signed by the borrower with the word "Paid" or "Canceled," and release any mortgage or security agreement which no longer secures a loan to the licensee, restore any pledge, and cancel and return any note, and any assignment given to the licensee which does not secure a new loan to the licensee within 20 days after the repayment. For purposes of this requirement, the document including actual evidence of an obligation or security may be maintained, stored, and retrieved in a form or format acceptable to the commissioner under section 46.04, subdivision 3;

(5) display prominently in each licensed place of business a full and accurate schedule, to be approved by the commissioner, of the charges to be made and the method of computing the same; furnish a copy of the contract of loan to any person obligated on it or who may become obligated on it at any time upon the request of that person;

(6) show in the loan contract or statement of loan the rate or rates of charge on which the charge in the contract is based, expressed in terms of rate or rates per annum. The rate expression shall be printed in at least 8-point type on the loan statement or copy of the loan contract given to the borrower;

(7) if a payment results in the prepayment of three or more installment payments on a precomputed loan, ~~at the same time the receipt required by clause (2) is delivered or mailed within 15 days of receipt of the prepayment, deliver or mail to the borrower a notice in at least eight-point type as part of the receipt or together with the receipt.~~ The notice must contain the following statement:

"You have substantially prepaid the installment payments on your loan and may experience an interest savings over the remaining term only if you refinance the balance within the next 30 days."

Sec. 29. Minnesota Statutes 1995 Supplement, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the amount of principal repayable under the contract of indebtedness plus an amount equal to one monthly payment. Thereafter, if the indebtedness is repayable in substantially equal installments according to a predetermined schedule, the amount of insurance on which the premium is calculated shall not exceed be equal to the scheduled indebtedness plus one monthly

payment or actual amount of indebtedness, whichever is greater. If the contract of indebtedness provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of indebtedness and subsequent changes to the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(2) Notwithstanding clause (1), the amount of credit life insurance written in connection with credit transactions repayable over a specified term exceeding 63 months shall not exceed the greater of: (i) the actual amount of unpaid indebtedness as it exists from time to time; or (ii) where an indebtedness is repayable in substantially equal installments according to a predetermined schedule, the scheduled amount of unpaid indebtedness, less any unearned interest or finance charges, plus an amount equal to two monthly payments. If the credit transaction provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of unpaid indebtedness and subsequent changes in the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(3) Notwithstanding clauses (1) and (2), insurance on educational, agricultural, and horticultural credit transaction commitments may be written on a nondecreasing or level term plan for the amount of the loan commitment.

(4) If the contract of indebtedness provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index shall be used in determining the scheduled amount of indebtedness, and subsequent changes to the rate shall be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

Sec. 30. Minnesota Statutes 1994, section 118.005, subdivision 1, is amended to read:

Subdivision 1. The governing body of every municipality, as defined in section 118.01, which has the power to receive and disburse funds, shall designate as a depository of the funds such national bank, insured state banks, or thrift institutions as defined in section 51A.02, subdivision 54 institution, as it may deem proper. The governing body may authorize the treasurer or chief financial officer to exercise the powers of the governing body in designating a depository of the funds.

For purposes of this chapter, a credit union is a thrift institution. "thrift institution" means a savings bank, a cooperative bank, a homestead association, a credit union, a federal association, and a supervised thrift and residential financing institution of a substantially similar nature.

Sec. 31. Minnesota Statutes 1994, section 118.01, subdivision 1, is amended to read:

Subdivision 1. Any bank, trust company or thrift institution authorized to do business in this state may, in lieu of the corporate or personal surety bond required to be furnished to secure deposited funds, deposit with the custodian of the funds as collateral security: (1) certificates of deposit that are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation; (2) notes secured by first mortgages of future maturity, upon which interest is not past due, on improved real estate free from delinquent taxes, within the county wherein the depository is located, or within counties immediately adjoining the county in the state of Minnesota; (3) obligations which are legally authorized investments for debt service funds under section 475.66, subdivision 3; and (4) qualified state or local government obligations acceptable to the treasurer or chief financial officer; and (5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence of the bank's public debt rating contemplated by this subdivision. Qualified obligations under clause (4) must be general obligations rated "A" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and Federal Home Loan Banks issuing letters of credit under clause (5) must have a rating of "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation.

Sec. 32. Minnesota Statutes 1994, section 168.69, is amended to read:

168.69 [COMPLAINT ALLEGING VIOLATION.]

Any retail buyer having reason to believe that sections 168.66 to 168.77 relating to the buyer's retail installment contract has been violated may file with the administrator a written complaint setting forth the details of such alleged violation and the administrator, upon receipt of such complaint, may inspect the pertinent books, records, letters and contracts of the licensee, assignee of the licensee or retail seller, and of the retail seller involved, relating to such specific written complaint.

Sec. 33. Minnesota Statutes 1994, section 168.705, is amended to read:

168.705 [EXAMINATIONS, SPECIAL INVESTIGATIONS, COSTS.]

For the purpose of discovering violations of sections 168.66 to 168.77 or securing information lawfully required by the administrator hereunder, the administrator may, at any time, either personally or by a person or persons duly designated by the administrator, investigate the conditional sales contracts and business related to the conditional sales contracts and examine the books, accounts, records, and files used therein, of every licensee, assignee of the licensee, and of every person who shall be engaged in the business of a sales finance company, including the retail seller and assignee of the retail seller, whether the person shall act as principal or agent, or under or without the authority of sections 168.66 to 168.77. For that purpose, the administrator and the administrator's duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons. The administrator and all persons duly designated by the administrator shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony the administrator may require relative to the conditional sales contract or the business or to the subject matter of any examination, investigation, or hearing.

The administrator may make an examination of the affairs, business, office, and records of licensees as often as considered necessary. The administrator may assess a fee covering the necessary costs of an examination or special investigation under this section, section 168.69, or reports filed under section 168.706. The fee is payable to the administrator on the administrator's request for payment. The administrator may maintain an action for the recovery of the costs in any court of competent jurisdiction.

Sec. 34. Minnesota Statutes 1994, section 168.71, is amended to read:

168.71 [RETAIL INSTALLMENT CONTRACTS.]

(a)(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a signed or unsigned copy thereof shall be furnished to such retail buyer at the time of the execution of the contract.

(2) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(3) The holder of a precomputed retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or \$5, whichever is greater. In addition to such delinquency and collection charge, the retail installment contract, whether interest-bearing or precomputed, may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection plus the court costs.

(4) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and

the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) The cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) The total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) The difference between items one and two;

(4) The charge, if any, included in the transaction for any insurance and other benefits not included in clause (1), specifying the types of coverage and taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest if such taxes, fees, or charges are not included in clause (1);

(5) Principal balance, which is the sum of items three and four;

(6) The amount of the finance charge;

(7) The total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the terms, sequence or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller. In the event the retail buyer fails to perform duties pertaining to insuring the motor vehicle from casualty loss according to the contract, the contract may provide for the purchase of insurance by the retail seller or assignee of the retail seller to protect the motor vehicle that is the subject of the retail installment contract, from casualty loss. This insurance may include vendors single interest coverage. The retail seller or assignee must provide written notice to the retail buyer within 30 days of purchase of the insurance and its cost. The cost may be collected in addition to the remaining indebtedness under the retail installment contract.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

(e) An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subsection (a) contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

Sec. 35. Minnesota Statutes 1994, section 168.73, is amended to read:

168.73 [PREPAYMENT IN FULL, REFUND CREDITS, ALLOWANCE.]

Subdivision 1. [PREPAYMENT IN FULL.] Notwithstanding the provisions of any retail installment contract to the contrary, any retail buyer may pay in full at any time before maturity the debt of any retail installment contract without penalty. In paying a precomputed retail installment contract in full, the retail buyer shall receive a refund credit thereon for such anticipation of payments. For contracts with substantially equal scheduled monthly payments remaining after the date of prepayment in full, the refund must be calculated for all fully unexpired monthly payment periods following the date of payment in full. For all other contracts, the refund must be calculated as of the date in the month following prepayment which corresponds to the original contract date. The refund shall be calculated according to the actuarial method, less an acquisition cost of \$15 which may be deducted from the refund so calculated.

Where the amount of the credit for anticipation of payment is less than \$1, no refund need be made.

The actuarial method means the method of allocating payments on a contract between the principal amount and finance charge at the contract rate charged under section 168.72, whereby a payment is applied first to the accumulated finance charge and then to the unpaid principal balance based on the original terms of the contract and based on the assumption that all payments are made on the due date as originally scheduled or deferred.

Subd. 2. [PARTIAL PREPAYMENT; NOTICE.] If a payment results in the prepayment of three or more installment payments on a precomputed contract, the retail seller or assignee of the retail seller shall within 15 days of receipt of the prepayment, deliver or mail to the retail buyer a notice in a least eight-point type. The notice must contain the following statement:

"You have substantially prepaid the installment payments on your contract and may experience an interest savings over the remaining term only if you refinance the balance within the next 30 days."

Sec. 36. Minnesota Statutes 1994, section 300.025, is amended to read:

300.025 [ORGANIZATION OF FINANCIAL CORPORATIONS.]

(a) Three or more persons may form a corporation for any of the purposes specified in section 47.12 by applying to the department of commerce and complying with all applicable organizational requirements and the conditions set out in clauses (1) to (7). However, no corporation may be formed under this section if it may be formed under the Minnesota business corporation act. The incorporators must subscribe a certificate specifying:

(1) the corporation's name, which must distinguish it from all other corporations authorized to do business in this state, and must contain the word "company," "corporation," "bank," "association," or "incorporated";

(2) the general nature of the corporation's business and its principal place of business;

(3) the period of its duration, if limited;

(4) the names and places of residence of the incorporators;

(5) the board in which the management of the corporation will be vested, the date of the annual meeting at which it will be elected, and the names and addresses of the board members until the first election, a majority of whom must always be residents of this state;

(6) the amount of capital stock, if any, how the capital stock is to be paid in, the number of shares into which it is to be divided, and the par value of each share; and, if there is to be more than one class, a description and the terms of issue of each class, and the method of voting on each class; and

(7) the highest amount of indebtedness or liability to which the corporation will at any time be subject.

The certificate may contain any other lawful provision defining and regulating the powers and business of the corporation, its officers, directors, trustees, members, and stockholders. However, a corporation subject to ~~sections section 48.27 and 51A.22, subdivision 2,~~ may show its highest amount of indebtedness to be 30 times the amount of its capital and actual surplus.

(b) A person doing business in this state may contest the subsequent registration of a name with the office of the secretary of state as provided in section 5.22.

Sec. 37. Minnesota Statutes 1994, section 303.02, subdivision 2, is amended to read:

Subd. 2. [CORPORATION.] In addition to the meaning set forth in section 300.02, subdivision 2, "corporation" means a corporation formed for profit and includes a cooperative.

Sec. 38. Minnesota Statutes 1994, section 308A.135, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATE.] (a) A certificate must be prepared stating:

- (1) the vote and meeting of the board adopting a resolution of the proposed amendment;
- (2) the notice given to members of the meeting ~~that~~ at which the amendment was adopted;
- (3) the quorum registered at the meeting; and
- (4) the vote cast adopting the amendment.

(b) The certificate must be signed by the chair, vice-chair, president, vice-president, secretary, or assistant secretary and filed with the records of the cooperative.

Sec. 39. Minnesota Statutes 1994, section 308A.165, subdivision 2, is amended to read:

Subd. 2. [ADOPTION AND AMENDMENT.] (a) Except as provided in paragraph (b), the bylaws of a cooperative may be adopted or amended at a regular or special members' meeting if:

- (1) the notice of the meeting contains a summary statement of the proposed bylaws or amendment;
- (2) a quorum is registered as being present or represented by mail vote if authorized by the board; and
- (3) the bylaws or amendment is approved by a majority of the votes cast, or for a cooperative with articles or bylaws requiring more than majority approval or other conditions for approval, the bylaws or amendment is approved by a proportion of the votes cast or a number of the total members as required by the articles or bylaws and the conditions for approval in the articles or bylaws have been satisfied.

(b) Until the first annual members meeting, the majority of directors may adopt and amend bylaws for the cooperative that are consistent with subdivision 3 if the cooperative does not have any members or stockholders with voting rights.

Sec. 40. Minnesota Statutes 1994, section 332.21, is amended to read:

332.21 [CONTRACTS.]

Each contract entered into by the licensee and the debtor shall be in writing and signed by both parties. The licensee shall furnish the debtor with a copy of the signed contract. Each such contract shall set forth (1) the dollar charges agreed upon for the services of the licensee, clearly disclosing to such debtor the total amount which may be retained by licensee for services if the contract is fully performed, which maximum amount would be the origination fee together with 15 percent of the amount scheduled to be liquidated by such contract, (2) the terms upon which the debtor may cancel the contract as set out in section 332.23, (3) all debts which are to be managed by the

licensee, including the name of the creditor and the amount of the debt, and (4) such other matter as the commissioner may require by rule. A contract shall not be effective until a payment has been made to the licensee for distribution to creditors or until three business days after the signing thereof, whichever is later. Within such period an individual may disaffirm said contract and upon such disaffirmance said contract shall be null and void. Total fees contained in the contract may be exceeded in relation to creditors under open-end agreements if it is agreed to in the contract and the additional debts so contracted to be prorated do not exceed ten percent of the original debts in the contract or written revisions to the original contract.

Sec. 41. Minnesota Statutes 1994, section 332.50, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING.] (a) Whoever issues any check that is dishonored and is not paid within 30 days after mailing a notice of dishonor that includes a citation to this section and section 609.535, and a description of the penalties contained in these sections, in compliance with subdivision 3, is liable to the payee, holder, or agent of the holder for: (1) the amount of the check plus a civil penalty of up to \$100 or up to 100 percent of the value of the check, whichever is greater; (2) interest at the rate payable on judgments pursuant to section 549.09 on the face amount of the check from the date of dishonor; and (3) reasonable attorney fees if the aggregate amount of dishonored checks issued by the issuer to all payees within a six-month period is over \$1,250.

(b) If the amount of the dishonored check plus any service charges that have been incurred under paragraph (d) or (e) have not been paid within 30 days after having mailed a notice of dishonor in compliance with subdivision 3 but before bringing an action, a payee, holder, or agent of the holder may make a written demand for payment for the liability imposed by paragraph (a) by sending a copy of this section and a description of the liability contained in this section to the issuer's last known address.

(c) After notice has been sent but before an action under this section is heard by the court, the plaintiff shall settle the claim if the defendant gives the plaintiff the amount of the check plus court costs, any service charge owed under paragraph (d), and reasonable attorney fees if provided for under paragraph (a), clause (3).

(d) A service charge may be imposed immediately on any dishonored check, regardless of mailing a notice of dishonor, if written notice of the service charge was conspicuously displayed on the premises when the check was issued. The service charge may not exceed \$20, except that if the payee uses the services of a law enforcement agency to obtain payment of a dishonored check, a service charge of up to \$25 may be imposed if the service charge is used to reimburse the law enforcement agency for its expenses. A payee may impose only one service charge under this paragraph for each dishonored check.

(e) This subdivision prevails over any provision of law limiting, prohibiting, or otherwise regulating service charges authorized by this subdivision, but does not nullify charges for dishonored checks, which do not exceed the charges in paragraph (d) or the actual cost of collection, but in no case more than \$30, or terms or conditions for imposing the charges which have been agreed to by the parties to an express contract.

Sec. 42. Laws 1995, chapter 171, section 70, is amended to read:

Sec. 70. [REPEALER.]

Minnesota Statutes 1994, sections 47.095; 47.30, subdivisions 4 and 6; 48.67; 50.02; 50.07; 50.08; 50.09; 50.10; 50.12; 50.15; 50.16; 50.21; and 50.22, are repealed.

Sec. 43. [LEGISLATIVE INTENT.]

The provisions of section 34 are a restatement and clarification of the legislative intent of Minnesota Statutes, section 168.71, paragraph (a), clause (1), and shall not be construed as a modification of existing law.

Sec. 44. [CAPITAL REQUIREMENTS FOR TRUST COMPANIES; REENACTMENT OF REPEALED SECTION.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes, section 48.67, inadvertently repealed in Laws 1995, chapter 171, section 70, is reenacted as of the effective date of Laws 1995, chapter 171, section 70.

Sec. 45. [REPEALER.]

(a) Minnesota Statutes 1994, sections 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; and 51A.57; Minnesota Statutes 1995 Supplement, sections 47.201, subdivision 7; 47.27, subdivision 3; 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; and 51A.58, are repealed.

(b) Minnesota Statutes 1994, section 48.94, is repealed.

(c) Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1000; 2655.1100; 2655.1200; and 2655.1300, are repealed.

Sec. 46. [EFFECTIVE DATE.]

Sections 1 to 5, 7 to 9, 11, 12, 16, 20 to 27, 31, 34, 42 to 44, and 45, paragraphs (b) and (c), are effective the day following final enactment. Section 45, paragraph (a), is effective July 1, 1998.

Sections 10, 14, 15, 19, 30, and 36 are effective on the effective date of the repeals in section 45, paragraph (a).

ARTICLE 2

CONSUMER CREDIT UNIFORM CODE CLARIFICATION AND DEVELOPMENT ACT

Section 1. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions shall apply.

(a) "Actuarial method" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, and appendix J thereto.

(b) "Annual percentage rate" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

(c) "Borrower" means a debtor under a loan or a purchaser or debtor under a credit sale contract.

(d) "Business purpose" means a purpose other than a personal, family, household, or agricultural purpose.

(e) "Cardholder" means a person to whom a credit card is issued or who has agreed with the financial institution to pay obligations arising from the issuance to or use of the card by another person.

(f) "Consumer loan" means a loan made by a financial institution in which:

- (1) the debtor is a person other than an organization;
- (2) the debt is incurred primarily for a personal, family, or household purpose; and
- (3) the debt is payable in installments or a finance charge is made.

(g) "Credit" means the right granted by a financial institution to a borrower to defer payment of a debt, to incur debt and defer its payment, or to purchase property or services and defer payment.

(h) "Credit card" means a card or device issued under an arrangement pursuant to which a financial institution gives to a cardholder the privilege of obtaining credit from the financial institution or other person in purchasing or leasing property or services, obtaining loans, or otherwise. A transaction is "pursuant to a credit card" only if credit is obtained according to the terms of the arrangement by transmitting information contained on the card or device orally, in writing, by mechanical or electronic methods, or in any other manner. A transaction is not "pursuant to a credit card" if the card or device is used solely in that transaction to:

(1) identify the cardholder or evidence the cardholder's creditworthiness and credit is not obtained according to the terms of the arrangement;

(2) obtain a guarantee of payment from the cardholder's deposit account, whether or not the payment results in a credit extension to the cardholder by the financial institution; or

(3) effect an immediate transfer of funds from the cardholder's deposit account by electronic or other means, whether or not the transfer results in a credit extension to the cardholder by the financial institution.

(i) "Credit sale contract" means a contract evidencing a credit sale. "Credit sale" means a sale of goods or services, or an interest in land, in which:

(1) credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind; and

(2) the debt is payable in installments or a finance charge is made.

(j) "Finance charge" has the meaning given in the Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6; or

(3) a discount, if a financial institution purchases a loan at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation;

(4) fees paid by a borrower to a broker, provided the financial institution or person described in subdivision 4 does not require use of the broker to obtain credit; or

(5) any commission, expense reimbursement, or other sum received by a financial institution or person described in subdivision 4 in connection with insurance described in subdivision 6.

(k) "Financial institution" means a state or federally chartered bank, a state or federally chartered bank and trust, a trust company with banking powers, a state or federally chartered saving bank, a state or federally chartered savings association, an industrial loan and thrift company, or a regulated lender.

(l) "Loan" means:

(1) the creation of debt by the financial institution's payment of money to the borrower or a third person for the account of the borrower;

(2) the creation of debt pursuant to a credit card in any manner, including a cash advance or the financial institution's honoring a draft or similar order for the payment of money drawn or accepted by the borrower, paying or agreeing to pay the borrower's obligation, or purchasing or otherwise acquiring the borrower's obligation from the obligee or the borrower's assignee;

(3) the creation of debt by a cash advance to a borrower pursuant to an overdraft line of credit arrangement;

(4) the creation of debt by a credit to an account with the financial institution upon which the borrower is entitled to draw immediately;

(5) the forbearance of debt arising from a loan; and

(6) the creation of debt pursuant to open-end credit.

"Loan" does not include the forbearance of debt arising from a sale or lease, a credit sale contract, or an overdraft from a person's deposit account with a financial institution which is not pursuant to a written agreement to pay overdrafts with the right to defer repayment thereof.

(m) "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage relating to a loan or credit sale, and any separate fees or charges which actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by a financial institution in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1), which would otherwise be payable.

(n) "Organization" means a corporation, government, government subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, limited liability partnership, or association.

(o) "Person" means a natural person or an organization.

(p) "Principal" means the total of:

(1) the amount paid to, received by, or paid or repayable for the account of, the borrower; and

(2) to the extent that payment is deferred:

(i) the amount actually paid or to be paid by the financial institution for additional charges permitted under this section; and

(ii) prepaid finance charges.

Sec. 2. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] ~~This section does not apply to loans and other~~ Extensions of credit or purchases of extensions of credit by financial institutions under sections 47.20, 47.21, 47.201, 47.204, 47.58, 47.60, 48.153, 48.185, 48.195, 59A.01 to 59A.15, 168.66 to 168.77, 334.01, 334.011, 334.012, 334.021, 334.06, and 334.061 to 334.19; may, but need not, be made according to those sections in lieu of the authority set forth in this section to the extent those sections authorize the financial institution to make extensions of credit or purchase extensions of credit under those sections. If a financial institution elects to make an extension of credit or to purchase an extension of credit under those other sections, the extension of credit or the purchase of an extension of credit is subject to those sections and not this section, except this subdivision, and except as expressly provided in those sections. A financial institution may also charge an organization a rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit a financial institution elects to make under section 334.01, 334.011, 334.012,

334.021, 334.06, or 334.061 to 334.19, chapter 334 does not apply to extensions of credit made according to this section or the sections listed in this subdivision. This subdivision does not authorize a financial institution to extend credit or purchase an extension of credit under any of the sections listed in this subdivision if the financial institution is not authorized to do so under those sections.

Sec. 3. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 3, is amended to read:

Subd. 3. [FINANCE CHARGE FOR LOANS.] (a) With respect to a loan, including a loan pursuant to open-end credit but excluding open-end credit pursuant to a credit card, a financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount not to exceed the greater of:

(1) an annual percentage rate not exceeding 21.75 percent; or

(2) the total of:

(i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$750; and

(ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$750.

With respect to open-end credit pursuant to a credit card, the financial institution may contract for and receive a finance charge on the unpaid balance of the principal amount at an annual percentage rate not exceeding 18 percent per year.

(b) On a loan where the finance charge is calculated according to the method provided for in paragraph (a), clause (2), the finance charge must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest .001 one-tenth of one percent that would earn the same total finance charge at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (2), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) With respect to a loan, the finance charge must be considered not to exceed the maximum annual percentage rate permitted under this section if the finance charge contracted for and received does not exceed the equivalent of the maximum annual percentage rate calculated in accordance with Code of Federal Regulations, title 12, part 226, but using the definition of finance charge provided in this section.

(d) This subdivision does not limit or restrict the manner of calculating the finance charge, whether by way of add-on, discount, discount points, precomputed charges, single annual percentage rate, variable rate, interest in advance, compounding, average daily balance method, or otherwise, if the annual percentage rate does not exceed that permitted by this section. Discount points permitted by this paragraph and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

(e) With respect to a loan secured by real estate, if a finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent that the annual percentage rate yield on the loan would exceed the maximum rate permitted under paragraph (a), taking into account the prepayment. The refund need not be made if it would be less than \$5.

(f) With respect to all other loans, if the finance charge is calculated or collected in advance, or included in the principal amount of the loan, and the borrower prepays the loan in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the loan would exceed the annual percentage rate on the loan as originally determined under paragraph (a) and taking into account the prepayment. The refund need not be made if it would be less than \$5.

(g) For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the loan and that all payments were paid on their due dates.

(h) For loans repayable in substantially equal successive monthly installments, the financial institution may calculate the refund under paragraph (f) as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the loan as originally determined under paragraph (a), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(i) The dollar amounts in this subdivision and subdivision 6, paragraph (a), clause (4), shall change periodically, as provided in this section, according to and to the extent of changes in the implicit price deflator for the gross domestic product, 1987 = 100, compiled by the United States Department of Commerce, and hereafter referred to as the index. The index for December 1991 is the reference base index for adjustments of dollar amounts.

(j) The designated dollar amounts shall change on July 1 of each even-numbered year if the percentage of change, calculated to the nearest whole percentage point, between the index for December of the preceding year and the reference base index is ten percent or more; but

(1) the portion of the percentage change in the index in excess of a multiple of ten percent shall be disregarded and the dollar amounts shall change only in multiples of ten percent of the amounts appearing in Laws 1995, chapter 202, on May 24, 1995; and

(2) the dollar amounts shall not change if the amounts required by this section are those currently in effect pursuant to Laws 1995, chapter 202, as a result of earlier application of this section.

(k) If the index is revised, the percentage of change pursuant to this section shall be calculated on the basis of the revised index. If a revision of the index changes the reference base index, a revised reference base index shall be determined by multiplying the reference base index then applicable by the rebasing factor furnished by the department of commerce. If the index is superseded, the index referred to in this section is the one represented by the department of commerce as reflecting most accurately changes in the purchasing power of the dollar for consumers.

(l) The commissioner shall announce and publish:

(1) on or before April 30 of each year in which dollar amounts are to change, the changes in dollar amounts required by paragraph (j); and

(2) promptly after the changes occur, changes in the index required by paragraph (k) including, if applicable, the numerical equivalent of the reference base index under a revised reference base index and the designation or title of any index superseding the index.

(m) A person does not violate this chapter with respect to a transaction otherwise complying with this chapter if that person relies on dollar amounts either determined according to paragraph (j), clause (2), or appearing in the last publication of the commissioner announcing the then current dollar amounts.

(n) The adjustments provided in this section shall not be affected unless explicitly provided otherwise by law.

Sec. 4. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 4, is amended to read:

Subd. 4. [FINANCE CHARGE FOR CREDIT SALES MADE BY A THIRD PARTY.] (a) A person may enter into a credit sale contract for sale to a financial institution and a financial institution may purchase and enforce the contract, if the annual percentage rate provided for in the contract does not exceed that permitted in this section, or, in the case of contracts governed by sections 168.66 to 168.77, the rates permitted by ~~those sections~~ subdivision 4a.

(b) The annual percentage rate may not exceed the equivalent of the greater of either of the following:

(1) the total of:

(i) 36 percent per year on that part of the unpaid balances of the amount financed that is \$300 or less;

(ii) 21 percent per year on that part of the unpaid balances of the amount financed which exceeds \$300 but does not exceed \$1,000; and

(iii) 15 percent per year on that part of the unpaid balances of the amount financed which exceeds \$1,000; or

(2) 19 percent per year on the unpaid balances of the amount financed.

(c) This subdivision does not limit or restrict the manner of calculating the finance charge whether by way of add-on, discount, discount points, single annual percentage rate, precomputed charges, variable rate, interest in advance, compounding, or otherwise, if the annual percentage rate calculated under paragraph (d) does not exceed that permitted by this section. The finance charge may be contracted for and earned at the single annual percentage rate that would earn the same finance charge as the graduated rates when the debt is paid according to the agreed terms and the finance charge is calculated under paragraph (d). If the finance charge is calculated and collected in advance, or included in the principal amount of the contract, and the borrower prepays the contract in full, the financial institution shall credit the borrower with a refund of the charge to the extent the annual percentage rate yield on the contract would exceed the annual percentage rate on the contract as originally determined under paragraph (d) and taking into account the prepayment. For the purpose of calculating the refund under this subdivision, the financial institution may assume that the contract was paid before the date of prepayment according to the schedule of payments under the contract and that all payments were paid on their due dates. For contracts repayable in substantially equal successive monthly installments, the financial institution may calculate the refund as the portion of the finance charge allocable on an actuarial basis to all wholly unexpired payment periods following the date of prepayment, based on the annual percentage rate on the contract as originally determined under paragraph (d), and for the purpose of calculating the refund may assume that all payments are made on the due date.

(d) The annual percentage rate must be calculated in accordance with Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of delinquency or default under subdivision 6 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, and a charge made for an extension or deferment under subdivision 5, unless the parties agree that these charges are finance charges;

(2) an additional charge under subdivision 6; or

(3) a discount, if a financial institution purchases a contract evidencing a credit sale at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder according to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

Sec. 5. Minnesota Statutes 1995 Supplement, section 47.59, is amended by adding a subdivision to read:

Subd. 4a. [FINANCE CHARGE FOR MOTOR VEHICLE RETAIL INSTALLMENT SALES.] A retail installment contract evidencing the retail installment sale of a motor vehicle defined in section 168.66 is subject to the finance charge limitations in paragraphs (a) and (b).

(a) The finance charge authorized by this subdivision in a retail installment sale may not exceed the following annual percentage rates:

(1) Class 1. A motor vehicle designated by the manufacturer by a year model of the same or not more than one year before the year in which the sale is made, 18 percent per year.

(2) Class 2. A motor vehicle designated by the manufacturer by a year model of two to three years before the year in which the sale is made, 19.75 percent per year.

(3) Class 3. Any motor vehicle not in Class 1 or Class 2, 23.25 percent per year.

(b) A sale of a manufactured home made after July 31, 1983, is governed by this subdivision for purposes of determining the lawful finance charge rate, except that the maximum finance charge for a Class 1 manufactured home may not exceed 14.5 percent per year. A retail installment sale of a manufactured home that imposes a finance charge that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

Sec. 6. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 5, is amended to read:

Subd. 5. [EXTENSIONS AND DEFERMENTS, AND CONVERSION TO INTEREST BEARING.] (a) The parties may agree in writing, either in the loan contract or credit sale contract or in a subsequent agreement, to a deferment of wholly unpaid installments. For precomputed loans and credit sale contracts, the manner of deferment charge shall be determined as provided for in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. If a loan or credit sale is prepaid in full during a deferment period, the financial institution shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan or credit sale in full.

For the purpose of this subdivision, "applicable charge" means the amount of finance charge attributable to each monthly installment period for the loan or credit sale contract. The applicable charge is computed as if each installment period were one month and any charge for extending the first installment period beyond the one month, or reduction in charge for a first installment less than one month, is ignored. The applicable charge for any installment period is that which would have been made for the period had the loan been made on an interest-bearing basis at the single annual percentage rate provided for in the contract based upon the assumption that all payments were made according to schedule. For convenience in computation, the financial institution may round the single annual rate to the nearest one quarter of one percent.

(b) Subject to a refund of unearned finance or deferment charge required by this section, a financial institution may convert a loan or credit sale contract to an interest bearing balance, if:

(1) the loan contract or credit sale contract so provides and is subject to a change of the terms of the written agreement between the parties; or

(2) the loan contract so provides and two or more installments are delinquent one full month or more on any due date.

Thereafter, and in lieu of any other default, extension, or deferment charges, the single annual percentage rate must be determined under the applicable charge provisions of this subdivision.

Sec. 7. Minnesota Statutes 1995 Supplement, section 47.59, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL CHARGES.] (a) In addition to the finance charges permitted by this section, a financial institution may contract for and receive the following additional charges that may be included in the principal amount financed of the loan or credit sale unpaid balances:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

(vi) fees for determining whether any portion of the property is located in a flood zone and fees for ongoing monitoring of the property to determine changes, if any, in flood zone status;

(4) a delinquency charge on a payment, including the minimum payment due in connection with the open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the payment or \$5.20, whichever is greater;

(5) for a returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 332.50; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount financed of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount financed of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 332.50;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 332.50; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a one-time loan administrative fee not exceeding \$25 in connection with closed-end credit, which may be included in the ~~amount financed or~~ principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of \$4,320 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

Sec. 8. Minnesota Statutes 1995 Supplement, section 47.60, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZATION, TERMS, CONDITIONS, AND PROHIBITIONS.] (a) In lieu of the interest, finance charges, or fees in any other law, a consumer small loan lender may charge the following:

(i) (1) on any amount up to and including \$50, a charge of \$5.50 may be added;

(ii) (2) on amounts in excess of \$50, but not more than \$100, a charge may be added equal to ten percent of the loan proceeds plus a \$5 administrative fee;

(iii) (3) on amounts in excess of \$100, but not more than \$250, a charge may be added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;

(iv) (4) for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 332.50, subdivision 2, paragraph (d).

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.

Sec. 9. Minnesota Statutes 1995 Supplement, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted ~~in section 47.59 under chapters 47 and 334.~~ Loans made under this authority must be in amounts in compliance with section 53.05, clause (7). ~~The right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334. The~~

~~provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.~~

~~(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.~~

~~(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of \$12,000 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision.~~

~~(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.~~

~~(d) This subdivision does not authorize an industrial loan and thrift company to make loans under an overdraft checking plan.~~

Sec. 10. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL CHARGES.] In addition to the charges provided for by this section and section 56.155, and notwithstanding section 47.59, subdivision 5 6, to the contrary, no further or other amount whatsoever, shall be directly or indirectly charged, contracted for, or received for the loan made, except actual out of pocket expenses of the licensee to realize on a security after default, and except for the following additional charges which may be included in the principal amount of the loan:

(a) lawful fees and taxes paid to any public officer to record, file, or release security;

(b) with respect to a loan secured by an interest in real estate, the following closing costs, if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section; provided the costs do not exceed one percent of the principal amount or \$400, whichever is greater:

(1) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(2) fees, if not paid to the licensee, an employee of the licensee, or a person related to the licensee, for preparation of a mortgage, settlement statement, or other documents, fees for notarizing mortgages and other documents, and appraisal fees;

(c) the premium for insurance in lieu of perfecting and releasing a security interest to the extent that the premium does not exceed the fees described in paragraph (a);

(d) discount points and appraisal fees may not be included in the principal amount of a loan secured by an interest in real estate when the loan is a refinancing for the purpose of bringing the refinanced loan current and is made within 24 months of the original date of the refinanced loan. For purposes of this paragraph, a refinancing is not considered to be for the purpose of bringing the refinanced loan current if new funds advanced to the customer, not including closing costs or delinquent installments, exceed \$1,000;

(e) the one-time loan administrative fee in section 47.59, subdivision 6, paragraph (d).

Sec. 11. Minnesota Statutes 1995 Supplement, section 56.131, subdivision 6, is amended to read:

Subd. 6. [DISCOUNT POINTS.] A loan made under this section that is secured by real estate and that is in a principal amount of \$12,000 or more and has a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this section. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this section when the prepayment is taken into account. Discount points permitted by this subdivision and not collected but included in the principal amount must not be included in the amount on which credit insurance premiums are calculated and charged.

Sec. 12. Minnesota Statutes 1994, section 168.72, is amended by adding a subdivision to read:

Subd. 5. In lieu of this section and sections 168.66, subdivisions 9, 10, and 11; 168.71; 168.73; and 168.74, a retail seller may proceed under section 47.59 relating to credit sales made by a third party. In cases where the retail seller proceeds under section 47.59, the remaining provisions of sections 168.66 to 168.77 apply notwithstanding section 47.59.

Sec. 13. Minnesota Statutes 1994, section 334.02, is amended to read:

334.02 [USURIOUS INTEREST; RECOVERY.]

Every person who for any such loan or forbearance shall have paid or delivered any greater sum or value than in section 334.01 allowed to be received may, personally or through personal representatives, recover in an action against the person who shall have received the same, or the receiver's personal representatives, the full amount of interest or premium so paid, with costs, if action is brought within two years after such payment or delivery. This section does not apply when the loan or forbearance is made by a lender and the lender is ~~liable for the penalty provided in~~ subject to section 47.59 or 48.196 or chapter 56 in connection with the loan or forbearance. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings and loan association or savings bank, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a licensed lender under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

Sec. 14. Minnesota Statutes 1994, section 334.03, is amended to read:

334.03 [USURIOUS CONTRACTS INVALID; EXCEPTIONS.]

All bonds, bills, notes, mortgages, and all other contracts and securities, and all deposits of goods, or any other thing, whereupon or whereby there shall be reserved, secured, or taken any greater sum or value for the loan or forbearance of any money, goods, or things in action than prescribed, except such instruments which are taken or received in accordance with and in reliance upon the provisions of any statute, shall be void except as to a holder in due course. No merely clerical error in the computation of interest, made without intent to avoid the provisions of this chapter, shall constitute usury. Interest at the rate of 1/12 of eight percent for every 30 days shall not be construed to exceed eight percent per annum; nor shall the payment of interest in advance of one year, or any less time, at a rate not exceeding eight percent per annum constitute usury; and nothing herein shall prevent the purchase of negotiable mercantile paper, usurious or otherwise, for a valuable consideration, by a purchaser without notice, at any price before the maturity of the same, when there has been no intent to evade the provisions of this chapter, or where such purchase has not been a part of the original usurious transactions; but where the original holder of a usurious note sells the same to an innocent purchaser, the maker thereof, or the maker's representatives, may recover back from the original holder the amount of principal and interest

paid on the note. This section does not apply when the loan or forbearance is made by a lender and the lender is ~~liable for the penalty provided in~~ subject to section 47.59 or 48.196 or chapter 56 in connection with the loan or forbearance. For purposes of this section, the term "lender" means a bank or savings bank organized under the laws of this state, a federally chartered savings and loan association, a savings association organized under chapter 51A, a federally chartered credit union, a credit union organized under chapter 52, an industrial loan and thrift company organized under chapter 53, a licensed lender under chapter 56, or a mortgagee or lender approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs.

Sec. 15. [334.062] [AGRICULTURAL COOPERATIVES AND FARM SUPPLY.]

Notwithstanding sections 334.01 and 334.011, a cooperative organized for agricultural purposes under chapter 308A, or a similar statute of another state and registered to conduct business in this state, and other persons or entities engaged in an agricultural retail or farm supply business, may impose, charge, and collect a finance charge on goods, products, and services, including sales and open- and closed-end credit transactions that do not exceed a monthly rate of 1-1/2 percent or an annual rate of 18 percent, and the delinquency and collection charge authorized under section 334.171, provided, however, for a cooperative, the finance, delinquency, and collection charge is the same for member and nonmember patrons.

Sec. 16. [REPEALER.]

Minnesota Statutes 1994, section 53.04, subdivision 3b; and Minnesota Statutes 1995 Supplement, section 53.04, subdivisions 3c and 4a, are repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1, 2, 4 to 10, 12 to 14, and 16 are effective the day following final enactment.

ARTICLE 3

BANKING SERVICES DEVELOPMENT ACT

Section 1. Minnesota Statutes 1994, section 47.101, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTIONS; CERTAIN RELOCATIONS, APPLICATIONS, NOTICE, APPROVAL.] A banking institution defined in section 48.01, subdivision 2, desiring to relocate its main office within the lesser of a radius of three miles measured in a straight line or the municipality, as defined in section 47.51, in which it is located shall submit an application notify the commissioner of commerce in a form prescribed by the commissioner of commerce, an investigation fee of \$500 and additional fees as prescribed in section 46.041 if subsequently processed under subdivision 3. ~~After the application is deemed to be complete and accepted by the commissioner of commerce, The applicant shall publish once in a form prescribed by the commissioner a notice of the filing of the application relocation in a qualified newspaper published in the municipalities municipality where the banking institution is located and relocating if different. If there are no such newspapers, then notice of the filing shall be published in qualified newspapers likely to give notice in the existing and proposed municipalities municipality. The applicant shall cause the notice to be publicly displayed in its lobby and sent by certified mail to all banking institutions within three miles of the proposed location measured in a straight line. Upon expiration of a period of 21 days for comment, the commissioner, after considering the applicable conditions for issuance of the bank charter defined in section 46.044, shall within 60 days approve or disapprove the application.~~

Sec. 2. Minnesota Statutes 1994, section 47.101, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS TO DEPARTMENT OF COMMERCE.] An application by a banking institution to relocate its main office ~~outside a radius of three miles measured in a straight line~~ other than those provided for in subdivision 2 shall be approved or disapproved by the commissioner of commerce as provided for in sections 46.041 and 46.044.

Sec. 3. Minnesota Statutes 1994, section 47.51, is amended to read:

47.51 [DETACHED BANKING FACILITIES; DEFINITIONS.]

As used in sections 47.51 to 47.57:

"Extension of the main banking house" means any structure or stationary mechanical device serving as a drive-in or walk-up facility, or both, which is located within ~~150~~ 1,500 feet of the main banking house or detached facility, the distance to be measured in a straight line from the closest points of the closest structures involved and which performs one or more of the functions described in section 47.53.

"Detached facility" means any permanent structure, office accommodation located within the premises of any existing commercial or business establishment, stationary automated remote controlled teller facility, stationary unstaffed cash dispensing or receiving device, located separate and apart from the main banking house which is not an "extension of the main banking house" as above defined, that serves as a drive-in or walk-up facility, or both, with one or more tellers windows, or as a remote controlled teller facility or a cash dispensing or receiving device, and which performs one or more of those functions described in section 47.53.

"Bank" means a bank as defined in section 46.046 and any banking office established prior to the effective date of Laws 1923, chapter 170, section 1.

"Commissioner" means the commissioner of commerce.

"Municipality" means the geographical area encompassing the boundaries of any home rule charter or statutory city located in this state, and any detached area, pursuant to section 473.625, operated as a major airport by the metropolitan airports commission pursuant to sections 473.601 to 473.679. When a bank is located in a township, the term municipality is expanded to mean the geographical area encompassing the boundaries of the township.

Sec. 4. Minnesota Statutes 1995 Supplement, section 47.52, is amended to read:

47.52 [AUTHORIZATION.]

(a) With the prior approval of the commissioner, any bank doing business in this state may establish and maintain ~~not more than five~~ detached facilities provided the facilities are located within: (1) the municipality in which the principal office of the applicant bank is located; or ~~within~~ (2) 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; or ~~within 100 miles of its principal office measured in a straight line from the closest points of the closest structures involved, if the detached facility is within any~~ (3) a municipality in which no bank is located at the time of application; or if the detached facility is in (4) a municipality having a population of more than 10,000; or if the detached facility is located in (5) a municipality having a population of 10,000 or less, as determined by the commissioner from the latest available data from the state demographer, or for municipalities located in the seven-county metropolitan area from the metropolitan council, and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility.

(b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This paragraph shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility.

(c) ~~Any bank is allowed, in addition to other facilities, one drive-in or walk-up facility located between 150 to 1,500 feet of the main banking house or within 1,500 feet from a detached facility. The drive-in or walk-up facility permitted by this clause is subject to paragraph (b) and section 47.53.~~

(d) A bank is allowed, in addition to other facilities, part-time deposit-taking locations at elementary and secondary schools located within the municipality in which the main banking house or a detached facility is located if they are established in connection with student education programs approved by the school administration and consistent with safe, sound banking practices.

(e) (d) A bank whose home state is Minnesota as defined in section 48.92 is allowed, in addition to facilities otherwise permitted, to establish and operate a de novo detached facility in a location in the host states of Iowa, North Dakota, South Dakota, and Wisconsin not more than 30 miles from its principal office measured in a straight line from the closest points of the closest structures involved and subject to requirements of sections 47.54 and 47.561 and the following additional requirements and conditions:

(1) there is in effect in the host state a law, rule, or ruling that permits Minnesota home state banks to establish de novo branches in the host state under conditions substantially similar to those imposed by the laws of Minnesota as determined by the commissioner; and

(2) there is in effect a cooperative agreement between the home and host state banking regulators to facilitate their respective regulation and supervision of the bank including the coordination of examinations.

For purposes of this paragraph, "host state" means a state other than the home state, as defined in section 48.92.

Sec. 5. Minnesota Statutes 1994, section 47.62, subdivision 1, is amended to read:

Subdivision 1. Any person may establish and maintain one or more electronic financial terminals. Any financial institution may provide for its customers the use of an electronic financial terminal by entering into an agreement with any person who has established and maintains one or more electronic financial terminals if that person authorizes use of the electronic financial terminal to all financial institutions on a nondiscriminatory basis pursuant to section 47.64. Electronic financial terminals to be established and maintained by financial institutions located in states other than Minnesota must file a notification to the commissioner as required in this section. The notification may be in the form lawfully required by the state regulator responsible for the examination and supervision of that financial institution. If there is no such requirement, then notification must be in the form required by this section for Minnesota financial institutions.

Sec. 6. Minnesota Statutes 1994, section 48.34, is amended to read:

48.34 [BRANCH BANKS PROHIBITED.]

No bank or trust company organized under the laws of this state shall maintain a branch bank or receive deposits or pay checks within this state, except at its own banking house, and except as authorized by sections 47.51 to 47.57 and, 47.61 to 47.74, and 49.411. The commissioner shall take possession of and liquidate the business and affairs of any state bank or trust company violating the provisions of this section, in the manner prescribed by law for the liquidation of insolvent state banks and trust companies.

Sec. 7. [49.411] [INTERSTATE BANK MERGERS AFFECTING INTERSTATE BRANCHING.]

Subdivision 1. [PURPOSE.] It is the express intent of this section to permit interstate branching by mergers under section 102 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Public Law Number 103-328, according to this section.

Subd. 2. [DEFINITIONS.] As used in this section, unless the context clearly indicates otherwise, the following terms have the meanings given them.

(a) "Bank" has the meaning given in United States Code, title 12, section 1813(h) with the following exceptions: (1) the term does not include a foreign bank as defined in United States Code, title 12, section 3101(7); and (2) the term includes a foreign bank organized under the laws of a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, the deposits of which are insured by the Federal Deposit Insurance Corporation.

(b) "Bank holding company" has the meaning given in United States Code, title 12, section 1841(a)(1).

(c) "Bank supervisory agency" means:

(1) an agency of another state with the primary responsibility for chartering and supervising banks; and

(2) the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and any successor to these agencies.

(d) "Branch" has the meaning given in United States Code, title 12, section 1813(o).

(e) "Commissioner" means the commissioner of commerce.

(f) "Control" has the meaning given in section 46.048, subdivision 1.

(g) "Home state" has the meaning given in section 48.92, subdivision 6, except in relation to foreign banks, for which home state means the state determined to be the home state of the foreign bank under United States Code, title 12, section 3103(c).

(h) "Home state regulator" means, with respect to an out-of-state state bank, the bank supervisory agency of the state in which the bank is chartered.

(i) "Host state" means a state other than the home state of a bank in which the bank maintains or seeks to establish and maintain a branch.

(j) "Interstate merger transaction" means:

(1) the merger or consolidation of banks with different home states, and the conversion of branches of any bank involved in the merger or consolidation into branches of the resulting bank; or

(2) the purchase of all or substantially all of the assets including all or substantially all of the branches of a bank whose home state is different from the home state of the acquiring bank.

(k) "Out-of-state bank" has the meaning given in section 48.92, subdivision 11.

(l) "Out-of-state state bank" means a bank chartered under the laws of any state other than Minnesota.

(m) "Resulting bank" means a bank that has resulted from an interstate merger transaction under this section.

(n) "State" means any state of the United States, the District of Columbia, or any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

(o) "Minnesota bank" means a bank whose home state is Minnesota.

(p) "Minnesota state bank" means a bank chartered under the laws of Minnesota.

Subd. 3. [AUTHORITY OF STATE BANKS TO ESTABLISH INTERSTATE BRANCHES BY MERGER.] With the prior approval of the commissioner, a Minnesota state bank may establish, maintain, and operate one or more branches in a state other than Minnesota according to an interstate merger transaction in which the Minnesota state bank is the resulting bank. Not later than the date on which the required application for the interstate merger transaction is filed with the responsible federal bank supervisory agency, the applicant Minnesota state bank shall file an application on a form prescribed by the commissioner and pay the fee prescribed by section 49.36. The applicant shall also comply with the applicable provisions of sections 49.33 to 49.41. After considering the criteria in section 49.36, subdivision 3, the commissioner may approve the interstate merger transaction and the operation of branches outside of Minnesota by the Minnesota state bank. Such an interstate merger transaction may be consummated only after the applicant has received the commissioner's written approval.

Subd. 4. [INTERSTATE MERGER TRANSACTIONS AND BRANCHING PERMITTED.] (a) One or more Minnesota banks may enter into an interstate merger transaction with one or more out-of-state banks under this section, and an out-of-state bank resulting from the transaction may

maintain and operate the branches in Minnesota of a Minnesota bank that participated in the transaction if the conditions and filing requirements of this section are met.

(b) An interstate merger transaction resulting in the acquisition by an out-of-state bank of a Minnesota state bank, or all or substantially all of the branches of a Minnesota state bank, shall not be permitted under this section unless the Minnesota state bank has been in continuous operation, on the date of the acquisition, for at least five years. For purposes of this paragraph, a bank that has been chartered solely for the purpose of, and does not open for business before, acquiring control of, or acquiring all or substantially all of the assets of, an existing bank is considered to have been in existence for the same period of time as the bank to be acquired. For determining the time period of existence of a bank, the time period begins after the issuance of a certificate of authorization and from the date the approved bank actually opens for business.

Subd. 5. [NOTICE AND FILING REQUIREMENT.] An out-of-state bank that will be the resulting bank according to an interstate merger transaction involving a Minnesota state bank shall notify the commissioner of the proposed merger not later than the date on which it files an application for an interstate merger transaction with the responsible federal bank supervisory agency, and shall submit a copy of that application to the commissioner and pay the filing fee, if any, required by the commissioner. A Minnesota state bank that is a party to an interstate merger transaction shall comply with sections 49.33 to 49.41 and with other applicable state and federal laws. An out-of-state bank that is the resulting bank in such an interstate merger transaction shall provide satisfactory evidence to the commissioner of compliance with applicable requirements of the bank's home state.

Subd. 6. [POWERS; ADDITIONAL BRANCHES.] (a) An out-of-state state bank that establishes and maintains one or more branches in Minnesota under this section may conduct any activities at the branch or branches that are authorized under the laws of this state for Minnesota state banks.

(b) A Minnesota state bank may conduct any activities at or in connection with a branch outside Minnesota that are permissible for a bank chartered by the host state where the branch is located, except to the extent that the activities are expressly prohibited by the laws of this state or by any rule or order of the commissioner applicable to the Minnesota state bank. The commissioner may waive the prohibition if the commissioner determines, by rule or order, that the involvement of out-of-state branches of Minnesota state banks in particular activities would not threaten the safety or soundness of the banks.

(c) An out-of-state bank that has established or acquired a branch in Minnesota under this section may establish or acquire additional branches in Minnesota to the same extent that a Minnesota bank may establish or acquire a branch in Minnesota under applicable federal and state law where a bank involved in the transaction could have established, acquired, or operated if the bank had not been a party to the merger transaction.

Subd. 7. [EXAMINATIONS; PERIODIC REPORTS; COOPERATIVE AGREEMENTS; ASSESSMENT OF FEES.] (a) To the extent consistent with paragraph (c), the commissioner may make examinations of a branch established and maintained in this state according to this section by an out-of-state state bank as the commissioner considers necessary to determine whether the branch is being operated in compliance with the laws of this state and according to safe and sound banking practices. Section 46.04 applies to the examinations.

(b) The commissioner may prescribe requirements for periodic reports regarding an out-of-state bank that operates a branch in Minnesota according to this section. The required reports must be provided by the bank or by the bank supervisory agency having primary responsibility for the bank. Reporting requirements prescribed by the commissioner under this paragraph must be: (1) consistent with the reporting requirements applicable to Minnesota state banks; and (2) appropriate for the purpose of enabling the commissioner to carry out responsibilities under this section.

(c) The commissioner may enter into cooperative, coordinating, and information-sharing agreements with any other bank supervisory agencies or any organization affiliated with or representing one or more bank supervisory agencies with respect to the periodic examination or other supervision of a branch in Minnesota of an out-of-state state bank, or a branch of a

Minnesota state bank in a host state. The commissioner may accept the parties' reports of examination and reports of investigation in lieu of conducting the commissioner's own examinations or investigations.

(d) The commissioner may enter into contracts with a bank supervisory agency that has concurrent jurisdiction over a Minnesota state bank or an out-of-state state bank operating a branch in this state according to this section to engage the services of the agency's examiners at a reasonable rate of compensation, or to provide the services of the commissioner's examiners to the agency at a reasonable rate of compensation.

(e) The commissioner may enter into joint examinations or joint enforcement actions with other bank supervisory agencies having concurrent jurisdiction over a branch in Minnesota of an out-of-state state bank or a branch of a Minnesota state bank in a host state. However, the commissioner may at any time take the actions independently if the commissioner considers the actions to be necessary or appropriate to carry out responsibilities under this section or to ensure compliance with the laws of this state. In the case of an out-of-state state bank, the commissioner shall recognize the exclusive authority of the home state regulator over corporate governance matters and the primary responsibility of the home state regulator with respect to safety and soundness matters.

(f) Each out-of-state state bank that maintains one or more branches in this state may be assessed and charged according to section 46.131 as if it were a Minnesota state bank and, if assessed, shall pay supervisory and examination fees according to the laws of this state and rules of the commissioner. The fees may be shared with other bank supervisory agencies or an organization affiliated with or representing one or more bank supervisory agencies according to agreements between the parties and the commissioner.

Subd. 8. [ENFORCEMENT.] If the commissioner determines that a branch maintained by an out-of-state state bank in this state is being operated in violation of the laws of this state, or that the branch is being operated in an unsafe and unsound manner, the commissioner has the authority to take all enforcement actions the commissioner would be empowered to take if the branch were a Minnesota state bank. The commissioner shall promptly give notice to the home state regulator of each enforcement action taken against an out-of-state state bank and, to the extent practicable, shall consult and cooperate with the home state regulator in pursuing and resolving enforcement action.

Subd. 9. [NOTICE OF SUBSEQUENT MERGER.] Each out-of-state state bank that has established and maintains a branch in this state according to this section shall give at least 60 days' prior written notice or, in the case of an emergency transaction, shorter notice as is consistent with applicable state or federal law to the commissioner of any merger, consolidation, or other transaction that would cause a change of control with respect to the bank or any bank holding company that controls the bank, with the result that an application would be required to be filed according to United States Code, title 12, section 1817(j), or the federal Bank Holding Company Act of 1956, as amended, United States Code, title 12, section 1841, et seq.

Subd. 10. [SEVERABILITY.] If a provision of this section, or the application of the provision, is found by any court of competent jurisdiction in the United States to be invalid as to a bank, bank holding company, foreign bank, or other person or circumstances, or to be superseded by federal law, the remaining provisions of this section shall not be affected and shall continue to apply to a bank, bank holding company, foreign bank, or other person or circumstance.

Sec. 8. Minnesota Statutes 1995 Supplement, section 50.245, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY FOR BRANCH OFFICES.] A savings bank may establish five any number of detached facilities as may be approved by the commissioner of commerce pursuant to sections 47.51 to 47.57 in the territories of Hennepin and Anoka counties. The savings bank shall not change the location of a detached facility without prior written approval of the commissioner of commerce. A savings bank may establish a loan production office, without restriction as to geographical location, upon written notice to the commissioner of commerce.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 5, and 8 are effective the day following final enactment. Sections 6 and 7 are effective June 1, 1997."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating consumer credit; modifying rates, fees, and other terms and conditions; providing clarifying and technical changes; providing opportunities for state banks to develop their Minnesota markets through broader intrastate branching; regulating the use of credit cards by institutions; providing technical corrections; amending Minnesota Statutes 1994, sections 9.031, subdivision 13; 46.044, subdivision 1; 47.016, subdivision 2, and by adding a subdivision; 47.10, subdivision 4; 47.101, subdivisions 2 and 3; 47.20, subdivision 14; 47.201, subdivision 2; 47.51; 47.62, subdivision 1; 48.09; 48.10; 48.301; 48.34; 48.845, subdivision 4; 52.131; 53.01; 53.03, subdivision 1; 53.07, subdivision 2; 118.005, subdivision 1; 118.01, subdivision 1; 168.69; 168.705; 168.71; 168.72, by adding a subdivision; 168.73; 300.025; 303.02, subdivision 2; 308A.135, subdivision 3; 308A.165, subdivision 2; 332.21; 332.50, subdivision 2; 334.02; and 334.03; Minnesota Statutes 1995 Supplement, sections 46.048, subdivision 2b; 47.20, subdivisions 1 and 9; 47.52; 47.59, subdivisions 1, 2, 3, 4, 5, 6, and by adding a subdivision; 47.60, subdivision 2; 47.61, subdivision 3; 48.153, subdivision 3a; 48.194; 48.65; 50.1485, subdivision 1; 50.245, subdivisions 1 and 4; 53.04, subdivision 3a; 53.09, subdivision 2; 55.10, subdivision 4; 56.131, subdivisions 2, 4, and 6; 56.14; and 62B.04, subdivision 1; Laws 1995, chapter 171, section 70; proposing coding for new law in Minnesota Statutes, chapters 49; and 334; repealing Minnesota Statutes 1994, sections 48.94; 51A.01; 51A.02, subdivisions 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 55, and 56; 51A.03; 51A.04; 51A.041; 51A.05; 51A.06; 51A.065; 51A.07; 51A.08; 51A.09; 51A.10; 51A.11; 51A.12; 51A.13; 51A.131; 51A.14; 51A.15; 51A.16; 51A.17; 51A.19, subdivisions 1, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 51A.20; 51A.21, subdivisions 1, 2, 3, 4, 5, 6a, 6b, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27; 51A.22; 51A.23, subdivision 6; 51A.24; 51A.251; 51A.261; 51A.262; 51A.27; 51A.28; 51A.29; 51A.30; 51A.31; 51A.32; 51A.33; 51A.34; 51A.35; 51A.361; 51A.37; 51A.38; 51A.40; 51A.41; 51A.42; 51A.43; 51A.44; 51A.45; 51A.46; 51A.47; 51A.48; 51A.51; 51A.52; 51A.54; 51A.55; 51A.56; 51A.57; and 53.04, subdivision 3b; Minnesota Statutes 1995 Supplement, sections 47.201, subdivision 7; 47.27, subdivision 3; 51A.02, subdivisions 6, 7, 26, 40, and 54; 51A.19, subdivision 9; 51A.21, subdivision 28; 51A.23, subdivisions 1 and 7; 51A.386; 51A.50; 51A.53; 51A.58; and 53.04, subdivisions 3c and 4a; Minnesota Rules, parts 2655.0100; 2655.0200; 2655.0300; 2655.0400; 2655.0500; 2655.0600; 2655.0700; 2655.0800; 2655.0900; 2655.1000; 2655.1100; 2655.1200; and 2655.1300."

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

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

H.F. No. 2330: A bill for an act relating to land use planning; requesting the St. Cloud area planning organization to assess and report on the land use planning and coordinating issues of the region.

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

Page 1, line 15, delete everything after "the"

Page 1, line 16, delete everything before the first comma and insert "chairs of the senate metropolitan and local government committee and the house of representatives local government and metropolitan affairs committee and the affected legislators"

Page 2, line 14, delete from "to" through page 2, line 16, to "section" and insert "required by subdivision 1"

Page 2, line 18, delete from "The" through page 2, line 21, to "jurisdiction."

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

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 2540: A bill for an act relating to health; changing the date by which the commissioner of administration must present to the legislature recommendations on private sector administration of the MinnesotaCare program; amending Laws 1995, chapter 234, article 6, section 44.

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

Page 1, line 20, after the period, insert "The commissioner shall consider the possibility of the integration of the MinnesotaCare program with medical assistance and general assistance medical care, and shall take into account existing or future federal waivers affecting the MinnesotaCare program."

Page 1, line 21, delete "October" and insert "December"

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

Ms. Berglin from the Committee on Health Care, to which was re-referred

S.F. No. 2023: A bill for an act relating to health; regulating coverage; requiring a health plan company to offer at least one point-of-service product in each market in which it operates; proposing coding for new law in Minnesota Statutes, chapter 62Q.

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 2126: A bill for an act relating to retirement; individual account plans; technical and housekeeping changes; amending Minnesota Statutes 1995 Supplement, sections 354D.02, subdivision 2; 354D.03; 354D.04; and 354D.06; proposing coding for new law in Minnesota Statutes, chapter 354D.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EMPLOYEE RETIREMENT PROVISIONS

Section 1. Laws 1995, chapter 262, article 7, section 1, is amended to read:

Section 1. [TRANSFERRED EMPLOYEES.]

This section applies if the Itasca county medical center is sold, leased, or transferred to a private entity or public corporation. Notwithstanding any provision of Minnesota Statutes, sections 356.24 and 356.25 to the contrary, to facilitate the orderly transition of employees affected by the sale, lease, or transfer, the county may, in its discretion, make, from assets to be transferred to the private entity or public corporation, payments to a qualified pension plan established for the transferred employees by the private entity or public corporation, to provide benefits substantially similar to those the employees would have been entitled to under the provisions of the public employees retirement association, Minnesota Statutes 1994, sections 353.01 to 353.46.

Sec. 2. [TREATMENT OF TERMINATED, NONVESTED EMPLOYEES.]

Subdivision 1. [ELIGIBILITY.] (a) An eligible individual is an individual who:

(1) is an employee of the Itasca county medical center immediately prior to the sale, lease, or transfer of that facility to a private entity or public corporation;

(2) is terminated at the time of the sale, lease, or transfer; and

(3) had less than three years of service credit in the public employees retirement association plan at the date of termination.

(b) For an eligible individual under paragraph (a), the county may make a member contribution equivalent payment under subdivision 2.

Subd. 2. [MEMBER CONTRIBUTION EQUIVALENT PAYMENT.] The member contribution equivalent payment is an amount equal to the total refund provided by Minnesota Statutes, section 353.34, subdivisions 1 and 2. To be eligible for the member contribution equivalent payment, the individual in subdivision 1, paragraph (a), must apply for a refund under Minnesota Statutes, section 353.34, subdivisions 1 and 2, within one year of termination. A member contribution equivalent amount exceeding \$200 must be made directly to an individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended, or to another qualified plan. A member contribution equivalent amount of \$200 or less may, at the preference of the individual, be made to the individual or to an individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended, or to another qualified plan.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the day following approval by the Itasca county board and compliance with Minnesota Statutes, section 645.021.

ARTICLE 2

PUBLIC SAFETY EMPLOYEE RETIREMENT PROVISIONS

Section 1. Laws 1967, chapter 798, section 2, is amended to read:

Sec. 2. [RICHFIELD FIREFIGHTERS RELIEF ASSOCIATION; DISABILITY PENSION AMOUNT.] In lieu of the disability pension and limitation as provided for in Minnesota Statutes, Section 424.20, the firemen's firefighters relief association in the city of Richfield may provide for disability benefits, as defined in Minnesota Statutes, Section 424.19, of not more than a sum equal to one-half 54 percent of the salary, as payable from time to time during the period of pension payment to firemen firefighters of the highest grade, not including officers of the department, in the employ of the city of Richfield, such. The disability pension to be is payable as the by-laws of the association provide.

Sec. 2. Laws 1967, chapter 798, section 4, is amended to read:

Sec. 4. [SERVICE PENSION.]

Subdivision 1. [AGE AT WHICH SERVICE PENSION IS PAYABLE.] A member of the fire department, who enters the employment of the department on or after January 1, 1968, shall not be eligible to receive a service pension until he the person reaches the age of 55 years, in lieu of the eligibility requirement pertaining to age provided in Minnesota Statutes, Sections 424.21 and 424.22.

Subd. 2. [SERVICE PENSION AMOUNT.] In lieu of the service pension amount set forth in Minnesota Statutes, section 424.21, if its bylaws so provide, the Richfield firefighters relief association may provide a service pension to a retiring firefighter with at least 20 years of service equal to 55 percent of the salary, as payable from time to time during the period of pension payment to firefighters of the highest grade, not including officers of the department, in the employ of the city of Richfield.

Sec. 3. Laws 1992, chapter 563, section 5, is amended to read:

Sec. 5. [ST. PAUL POLICE AND FIRE CONSOLIDATION ACCOUNTS; LIMITATION ON POSTRETIREMENT BENEFIT REDUCTIONS.]

(a) A monthly service pension or retirement benefit payment from the St. Paul fire department relief association consolidation account or the St. Paul police relief association consolidation

account may not be reduced in amount to an amount that is less than that received by the person for the immediately previous month.

(b) The service pension or retirement benefit payable from the St. Paul fire department consolidation account or from the St. Paul police consolidation account to a person who becomes newly entitled to that service pension or retirement benefit may not be an amount that is less than the service pension or retirement benefit then payable to a comparably situated pensioner or benefit recipient of that consolidation account.

~~This~~ (c) The limitation in paragraph (a) or (b) may not be construed to limit the power of the board of trustees of the relief executive director of the public employees retirement association to require proof of continuing eligibility for receipt of a disability benefit or a survivor benefit, or to require the reduction in amount or elimination of a disability benefit in the event of changed medical circumstances, or to require the reduction in amount or elimination of a survivor benefit in the event of changes in eligibility.

Sec. 4. Laws 1994, chapter 490, section 2, is amended to read:

Sec. 2. [AUSTIN FIRE DEPARTMENT RELIEF ASSOCIATION; SURVIVOR COVERAGE FOR CERTAIN SPOUSES OF CERTAIN RETIRED FIREFIGHTERS.]

(a) Notwithstanding any provision to the contrary of the general or special laws governing the Austin fire department relief association, the articles of incorporation of the relief association, or the bylaws of the relief association, a person described in paragraph (b) is entitled to a surviving spouse benefit as provided in paragraph (c).

(b) A person entitled under paragraph (a) is a person who:

(1) was the legally married spouse of a deceased retired or disabled member of the Austin fire department relief association at the time of the deceased member's death;

(2) married the retired or disabled member after the date on which the member terminated active employment as a firefighter by the Austin fire department; and

(3) was married for at least three years before the date of the death of the retired or disabled member; and

~~(3) was married to a retired or disabled member whose prior spouse, if any, predeceased the member.~~

(c) The surviving spouse benefit is an amount equal to the amount of a surviving spouse benefit payable by the Austin fire department relief association to the surviving spouse of a deceased active member of the relief association under Laws 1949, chapter 87, section 26, subdivision 4, as amended by Laws 1965, chapter 418, section 5, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the deceased active member by virtue of the legal dissolution of the member's marriage to the former spouse.

Sec. 5. [SURVIVOR BENEFIT AMOUNTS.]

Subdivision 1. [ELIGIBILITY.] The eligibility requirements of Minnesota Statutes, section 424.24, apply to the Richfield firefighters relief association. The survivor benefit amounts set forth in subdivisions 2 to 4 apply in lieu of the benefit amounts set forth in Minnesota Statutes, section 424.24.

Subd. 2. [SURVIVING SPOUSE BENEFIT AMOUNT.] The Richfield firefighters relief association, if its bylaws so provide, may provide a surviving spouse benefit amount of 43.2 percent of the salary, as payable from time to time during the period of benefit payment to firefighters of the highest grade, not including officers of the department, in the employ of the city of Richfield.

Subd. 3. [SURVIVING CHILD BENEFIT AMOUNT.] The Richfield firefighters relief

association, if its bylaws so provide, may provide a surviving child benefit of the following percentage of the salary, as payable from time to time during the period of benefit payment to firefighters of the highest grade, not including officers of the department, in the employ of the city of Richfield:

- (1) if a surviving spouse benefit is also payable, 5.4 percent for each surviving child; or
- (2) if a surviving spouse benefit is not also payable, 16.2 percent for each surviving child.

Subd. 4. [SURVIVOR BENEFIT MAXIMUM.] The maximum of the combination of survivor benefits under subdivisions 2 and 3 is 54 percent of the salary, as payable from time to time during the period of benefit payment to firefighters of the highest grade, not including officers of the department, in the employ of the city of Richfield.

Subd. 5. [SURVIVOR BENEFIT PAYMENT DURATION.] (a) A surviving spouse benefit is payable to a surviving spouse of a deceased active, deferred, or retired Richfield firefighter meeting the definition set forth in Minnesota Statutes, section 424.24, subdivision 2, paragraph (a), for the life of that person.

(b) A surviving child benefit is payable to a surviving child of a deceased active, deferred, or retired Richfield firefighter meeting the definition set forth in Minnesota Statutes, section 424.24, subdivision 2, paragraph (b), until the person reaches the age of 18.

Sec. 6. [MINNEAPOLIS FIRE DEPARTMENT RELIEF ASSOCIATION; AUTHORIZATION OF VARIOUS ADMINISTRATIVE CHANGES.]

Notwithstanding any provision of any law to the contrary, the Minneapolis fire department relief association is authorized to implement the following administrative and other modifications:

(1) five-year vesting under Minnesota Statutes, section 423A.19, retroactive to the April 1, 1987, date when the change was approved by the Minneapolis city council, despite the failure to meet the filing requirement of Minnesota Statutes, section 423A.19, subdivision 4;

(2) the period for applying for a disability benefit by or on behalf of a disabled member increased from 30 days after the beginning of the disability to 90 days after the beginning of the disability;

(3) a salary for services for the members of the board of trustees of the relief association who are elected members and who are not officers in an amount equal to 2.5 percent of the maximum salary of a first grade firefighter;

(4) a salary for the president of the relief association increased to an amount equal to ten percent of the maximum salary of a first grade firefighter;

(5) a salary for the executive secretary of the relief association increased to an amount equal to 30 percent of the maximum salary of a first grade firefighter; and

(6) eligibility for the surviving spouse of a deceased deferred member, the dependent surviving child or children of a deceased deferred member, or a combination, to receive annual postretirement payments under Laws 1989, chapter 319, article 19, section 7, as amended by Laws 1992, chapter 471, article 2, section 5, with confirmation and ratification of any past payments of annual postretirement payments to survivors of deceased deferred members since June 1, 1989.

Sec. 7. [EFFECTIVE DATE.]

Subdivision 1. [RICHFIELD FIRE.] Sections 1, 2, and 5 are effective if there is an affirmative vote by the Richfield firefighters relief association to consolidate with the public employees retirement association under Minnesota Statutes, section 353A.04, on the day following approval by the Richfield city council and compliance with Minnesota Statutes, section 645.021.

Subd. 2. [ST. PAUL POLICE AND FIRE.] Section 3 is effective retroactively to December 31, 1993, upon approval by the city council of the city of St. Paul and compliance with Minnesota Statutes, section 645.021.

Subd. 3. [AUSTIN FIRE.] Section 4 is effective upon approval by the Austin city council and compliance with Minnesota Statutes, section 645.021.

Subd. 4. [MINNEAPOLIS FIRE.] (a) Section 6 is effective on the day following final approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

(b) The city council resolution must specify the provisions contained in section 6 that it is approving. The city council may approve some or all of the provisions contained in section 6.

ARTICLE 3

MINNEAPOLIS FIRE; SURVIVING SPOUSE BENEFIT CHANGE

Section 1. Laws 1965, chapter 519, section 1, as amended by Laws 1967, chapter 819, section 1; Laws 1969, chapter 123, section 1; Laws 1975, chapter 57, section 1; Laws 1977, chapter 164, section 2; Laws 1990, chapter 589, section 5; and Laws 1992, chapter 454, section 2, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; FIREFIGHTER'S RELIEF ASSOCIATION; SURVIVING SPOUSE'S ENTITLEMENT.] Notwithstanding the provisions of Minnesota Statutes 1965, Section 69.48, to the contrary, when a service pensioner, disability pensioner, or deferred pensioner, or an active member of a relief association dies, leaving:

(1) A surviving spouse who was a legally married spouse, residing with the decedent, and who was married while or prior to the time the decedent was on the payroll of the fire department in the case of a deceased active member; and who, in case the deceased member was a service or deferred pensioner was legally married to the member at least ~~one-year~~ five years before retirement from the fire department death; or

(2) A child or children who were living while the deceased was on the payroll of the fire department, or born within nine months after the decedent was withdrawn from the payroll of the fire department, the surviving spouse and the child or children shall be entitled to a pension or pensions, as follows:

(a) To the surviving spouse, a pension of not less than 17 units, and not to exceed the total of 22 units per month, as the bylaws of the association provide, for life; ~~provided, that if the spouse shall remarry then the pension shall cease and terminate as of the date of remarriage; provided, further, if the remarriage terminates for any reason, the surviving spouse shall again be entitled to a pension as the bylaws of the association provide;~~

(b) To the child or children, if their other parent is living, a pension of not to exceed eight units per month for each child up to the time each child reaches the age of not less than 16 years and not to exceed an age of 18 years; provided, however, upon approval by the board of trustees, such a child who is a full-time student, upon proof of compliance with the provisions of this act, may be entitled to such pension so long as the child is a full-time student and has not reached 22 years of age, all in conformity with the bylaws of the association; provided, further, the total pensions hereunder for the surviving spouse and children of the deceased member shall not exceed the sum of 41 units per month;

(c) A child or children of a deceased member after the death of their other parent, or in the event their other parent predeceases the member, be entitled to receive a pension or pensions in such amount as the board of trustees of the association shall deem necessary to properly support the child or children until they reach the age of not less than 16 and not more than 18 years; provided, however, upon approval by the board of trustees, such a child who is a full-time student, upon proof of compliance with the provisions of this act, may be entitled to such pension so long as the child is a full-time student and has not reached 22 years of age, as the bylaws of the association may provide; but the total amount of the pension or pensions hereunder for any child or children shall not exceed the sum of 41 units per month;

(d) For the purposes of this act, a full-time student is defined as an individual who is in full-time attendance as a student at an educational institution. Whether or not the student was in full-time attendance would be determined by the board of trustees of the association in the light of

the standards and practices of the school involved. Specifically excluded is a person who is paid by the person's employer while attending school at the request of the person's employer. Benefits may continue during any period of four calendar months or less in any 12 month period in which a person does not attend school if the person shows to the satisfaction of the board of trustees that the person intends to continue in full-time school attendance immediately after the end of the period. An educational institution is defined so as to permit the payment of benefits to students taking vocational or academic courses in all approved, accredited or licensed schools, colleges, and universities. The board of trustees shall make the final determination of eligibility for benefits if any question arises concerning the approved status of the educational institution which the student attends or proposes to attend;

(e) In the event that a child who is receiving a pension as provided above shall marry before the age of 22 years, the pension shall cease as of the date of the marriage.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 4

CONFORMING CHANGES

Section 1. Minnesota Statutes 1994, section 353B.07, subdivision 3, is amended to read:

Subd. 3. [FORMULA PERCENTAGE RATE.] (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

- (1) Rochester fire department relief association;
- (2) Rochester police relief association;
- (3) St. Cloud fire department relief association;
- (4) St. Cloud police relief association;
- (5) St. Louis Park police relief association; and
- (6) Winona police relief association.

(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

- (1) Albert Lea police relief association;
- (2) Anoka police relief association;
- (3) Faribault fire department relief association;
- (4) Faribault police benefit association;
- (5) Mankato police benefit association;
- (6) Red Wing police relief association; and
- (7) West St. Paul police relief association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Austin police relief association;
- (3) South St. Paul firefighters relief association;
- (4) South St. Paul police relief association; and
- (5) Virginia police relief association.

(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the Columbia Heights police relief association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of \$120 per year of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea firefighters relief association;

(2) 2.5333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated before January 31, 1994, and 2.3333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service if service as an active member terminated on or after January 31, 1994, Bloomington police relief association;

(3) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd police relief association;

(4) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl police relief association;

(5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm firefighters relief association;

(6) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm police relief association;

(7) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but

not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights fire department relief association, paid division;

(8) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston fire department relief association;

(9) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston police relief association;

(10) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal police relief association;

(11) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth firefighters relief association;

(12) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth police relief association;

(13) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont police benefit association;

(14) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley police pension association;

(15) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of \$30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato fire department relief association;

(16) for members who terminated active service as a Minneapolis firefighter before June 1, 1993, 2.0625 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, and for members who terminated active service as a Minneapolis firefighter after May 31, 1993, two percent for each year of the first 19 years of allowable service, 3.25 percent for the 20th year of allowable service, and two percent per year of allowable service in excess of 20 years of service, but not more than 25 years of allowable service, Minneapolis fire department relief association;

(17) two percent per year of allowable service for each year of the first 25 years of allowable service, Minneapolis police relief association;

(18) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm police relief association;

(19) two percent per year of allowable service for each of the first 25 years of allowable service

and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing fire department relief association;

(20) ~~2.55~~ 2.75 percent per year of allowable service for each of the first 20 years of allowable service, Richfield fire department relief association;

(21) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield police relief association;

(22) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park fire department relief association;

(23) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul fire department relief association;

(24) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul police relief association;

(25) 2.25 percent per year of allowable service for each of the first 20 years of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia fire department relief association;

(26) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul firefighters relief association; and

(27) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona fire department relief association.

Sec. 2. Minnesota Statutes 1994, section 353B.08, subdivision 6, is amended to read:

Subd. 6. [DUTY DISABILITY BENEFIT AMOUNT.] (a) The duty disability benefit shall be an amount equal to the service pension amount to which the person would have been entitled if the person had credit for the greater of actual years of allowable service or 20 years of allowable service, had attained the minimum age for the receipt of a service pension, and had applied for a service pension rather than a disability benefit for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Buhl police relief association;
- (6) Chisholm police relief association;
- (7) Duluth police relief association;

- (8) Faribault fire department relief association;
- (9) Mankato police benefit association;
- (10) Minneapolis police relief association;
- (11) New Ulm police relief association;
- (12) Red Wing police relief association;
- (13) St. Paul police relief association;
- (14) South St. Paul police relief association; and
- (15) Virginia police relief association.

(b) The duty disability benefit shall be an amount equal to 48 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) St. Cloud fire department relief association;
- (6) St. Cloud police relief association;
- (7) St. Louis Park police relief association; and
- (8) Winona police relief association.

(c) The duty disability benefit shall be an amount equal to 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Crookston fire department relief association;
- (3) Fairmont police benefit association;
- (4) Mankato fire department relief association;
- (5) ~~Richfield fire department relief association;~~
- (6) South St. Paul firefighters relief association; and
- (7) ~~(6)~~ Virginia fire department relief association.

(d) The duty disability benefit shall be an amount equal to 45 percent of the salary base for the former members of the Crystal police relief association.

(e) The duty disability benefit shall be an amount equal to 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) West St. Paul firefighters relief association; and
- (2) West St. Paul police relief association.

(f) The duty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

- (1) 52 percent of the salary base for former members who were disabled before January 31,

1994, and 48 percent of the salary base for former members who become disabled after January 31, 1994, Bloomington police relief association;

(2) 40 percent of the top salary for a patrol officer, Brainerd police relief association;

(3) \$100 per month, Chisholm firefighters relief association;

(4) 37.5 percent of the salary base if the person has credit for less than ten years of allowable service, 43.75 percent of the salary base if the person has credit for more than nine years but less than 15 years of allowable service and 50 percent of the salary base if the person has credit for more than 14 years of allowable service credit, Columbia Heights fire department relief association, paid division;

(5) 43.75 percent of the salary base, Columbia Heights police relief association;

(6) 25 percent of the salary base if the person has credit for less than 12 years of allowable service and an additional amount equal to 2.5 percent of the salary base per year if allowable service for each year of allowable service in excess of 11 years of allowable service, not more than 50 percent, Crookston police relief association;

(7) 51.0625 percent of the salary base, Duluth firefighters relief association;

(8) 12.5 percent of the salary base if the person has credit for less than six years of allowable service, 2.5 percent of the salary base per year of allowable service if the person has more than five years of allowable service, but not more than 50 percent of the salary base, Faribault police benefit association;

(9) the dollar amount which equals the benefit which would be payable under chapter 176 for a comparable benefit which qualifies for a workers' compensation benefit for a first class disability, 75 percent of the amount payable in the event of a first class disability for a second class disability and 50 percent of the amount payable in the event of a first class disability for a third class disability, Hibbing firefighters relief association;

(10) \$120 per month, Hibbing police relief association;

(11) 51.25 percent of the salary base for a first class disability, 41.25 percent of the salary base for a second class disability, and 31.25 percent of the salary base for a third class disability, Minneapolis fire department relief association;

(12) 40 percent of the salary base if the person has credit for less than 20 years of allowable service and two percent of the salary base per year of allowable service if the person has more than 19 years of allowable service, but not more than 50 percent, Red Wing fire department relief association;

(13) 54 percent of the salary base, Richfield fire department relief association;

(14) 50 percent of the salary base if the person has credit for less than 20 years of allowable service and an amount equal to the service pension amount to which the person would have been entitled based on the applicable amount of allowable service if the person had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit and if the person has credit for at least 20 years of allowable service, St. Louis Park fire department relief association;

(14) (15) 50 percent of the salary base if the person is not able to perform the duties of any other gainful employment, 39.375 percent of the salary base if the person is only able to perform the duties of light manual labor or office employment and 33.75 percent of the salary base if the person is able to perform the duties of other manual labor, St. Paul fire department relief association; and

~~(15)~~ (16) 42.667 percent of the salary base, Winona fire department relief association.

Sec. 3. Minnesota Statutes 1994, section 353B.11, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; SURVIVING SPOUSE BENEFIT.] (a) Except as specified in paragraph (b), (c), (d), (e), (f), (g), or ~~(f)~~ (h), the person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who was residing with the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit.

(b) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Albert Lea police relief association;
- (2) Anoka police relief association;
- (3) ~~Austin firefighters relief association;~~
- (4) Austin police relief association;
- (5) ~~(4)~~ Brainerd police benefit association;
- (6) ~~(5)~~ Columbia Heights police relief association;
- (7) ~~(6)~~ Crookston fire department relief association;
- (8) ~~(7)~~ Crookston police relief association;
- (9) ~~(8)~~ Fairmont police benefit association;
- (10) ~~(9)~~ Faribault police benefit association;
- (11) ~~(10)~~ Mankato fire department relief association;
- (12) ~~(11)~~ Red Wing police relief association;
- (13) ~~(12)~~ South St. Paul police relief association;
- (14) ~~(13)~~ Virginia fire department relief association;
- (15) ~~(14)~~ Virginia police relief association; and
- (16) ~~(15)~~ West St. Paul police relief association.

(c) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, and who was legally married to the member at the time of separation from active service if the deceased member was a deceased deferred or retired member shall be entitled to receive a surviving spouse benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Hibbing police relief association;
- (3) Mankato police benefit association; and
- (4) New Ulm police relief association.

(d) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was either legally married to the member at the time of separation from active service or legally married the member

after the time of separation from active service and was married for at least three years before the date of death of the member if the deceased member was a deceased deferred or retired member, and who was residing with the member at the time of the death of the member is entitled to receive a surviving spouse benefit in the case of former members of the Austin firefighters relief association.

(e) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least five years before the separation from active service death if the deceased member was the recipient of a service pension or was entitled to a deferred service pension, and who was residing with the member at the time of the death of the deceased member in the case of former members of the Minneapolis fire department relief association.

(e) (f) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was residing with the member at the time of the death of the decedent, and, if the deceased member was the recipient of a service pension or was entitled to a deferred service pension at the time of death, who was legally married to the member for at least five years before the member's death, in the case of former members of the Minneapolis police relief association.

(f) (g) The person who survives a deceased active, deferred, or retired member, who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least three years before the separation from active service if the deceased member was a deceased, retired, or deferred member and who was residing with the member at the time of the death of the member shall be entitled to receive a surviving spouse benefit in the case of former members of the South St. Paul firefighters relief association.

(g) (h) The person who survives a deceased active, deferred, or retired member who was legally married to the member at the time of the death of the deceased member, who was legally married to the member for at least one year before the separation from active service if the deceased member was a deceased, deferred, or retired member and who had not deserted the member at the time of the death of the deceased member shall be entitled to receive a surviving spouse benefit in the case of former members of the St. Paul police relief association.

Sec. 4. Minnesota Statutes 1994, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) ~~Austin firefighters relief association;~~
- (5) Austin police relief association;
- (6) ~~(5)~~ Brainerd police benefit association;
- (7) ~~(6)~~ Crookston police relief association;
- (8) ~~(7)~~ Faribault fire department relief association; and
- (9) ~~(8)~~ West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;

- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association; and
- ~~(3) Richfield fire department relief association.~~

(e) The surviving spouse benefit shall be \$250 per month for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

~~(2)~~ (3) 72.25 percent of the salary base, Buhl police relief association;

~~(3)~~ (4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

~~(4)~~ (5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

~~(5)~~ (6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

~~(6)~~ (7) \$100 per month, Faribault police benefit association;

~~(7)~~ (8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

~~(8)~~ (9) \$175 per month, Mankato police benefit association;

~~(9)~~ (10) 26.25 percent of the salary base, Minneapolis fire department relief association;

~~(10)~~ (11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 43.2 percent of the salary base, Richfield fire department relief association;

~~(11)~~ (13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

~~(12)~~ (14) 26.6667 percent of the salary base, St. Louis Park police relief association;

~~(13)~~ (15) 27.5 percent of the salary base, St. Paul fire department relief association;

~~(14)~~ (16) 20 percent of the salary base, St. Paul police relief association; and

~~(15)~~ (17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 5. Minnesota Statutes 1994, section 353B.11, subdivision 4, is amended to read:

Subd. 4. [AMOUNT; SURVIVING CHILD BENEFIT.] (a) The surviving child benefit shall be eight percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Red Wing fire department relief association;
- (3) Richfield police relief association;
- (4) Rochester fire department relief association;
- (5) Rochester police relief association;
- (6) St. Cloud police relief association;
- (7) St. Louis Park police relief association;
- (8) South St. Paul firefighters relief association;
- (9) Winona fire department relief association; and
- (10) Winona police relief association.

(b) The surviving child benefit shall be \$25 per month for the former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Austin firefighters relief association;
- (3) Austin police relief association;
- (4) Faribault police benefit association;
- (5) Hibbing firefighters relief association;
- (6) Mankato police benefit association;
- (7) South St. Paul police relief association; and
- (8) Virginia fire department relief association.

(c) The surviving child benefit shall be ten percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea police relief association;

- (2) Crookston police relief association;
- (3) Duluth firefighters relief association;
- (4) Duluth police pension association;
- (5) Faribault fire department relief association; and
- (6) Minneapolis fire department relief association.

(d) The surviving child benefit shall be five percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division;
- (2) St. Paul police relief association; and
- (3) West St. Paul firefighters relief associations.

(e) The surviving child benefit shall be \$15 per month for the former members of the following consolidating relief associations:

- (1) Crookston fire department relief association;
- (2) Hibbing police relief association; and
- (3) West St. Paul police relief association.

(f) The surviving child benefit shall be 7.5 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Bloomington police relief association; and
- (2) Crystal police relief association.

(g) The surviving child benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) ten percent of the salary base if a surviving spouse benefit is also payable, that amount between ten percent of the salary base and 50 percent of the salary base as determined by the executive director of the public employees retirement association, based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation if there is a surviving spouse but no surviving spouse benefit is also payable on account of the remarriage of the surviving spouse, or 50 percent of the salary base, payable in equal shares for more than one surviving child, if there is no surviving spouse, Albert Lea firefighters relief association;

(2) four percent of the salary base, Brainerd police benefit association;

(3) \$125 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, if no surviving spouse benefit is payable, Buhl police relief association;

(4) \$15 per month, Chisholm firefighters relief association;

(5) \$125 per month, Chisholm police relief association;

(6) \$50 per month, Columbia Heights police relief association;

(7) 6.25 percent of the salary base, Fairmont police benefit association;

(8) 12.5 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have

been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) ten percent of the salary base if a surviving spouse benefit is also payable or an amount determined by the executive director of the public employees retirement association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, and subject to the largest applicable amount surviving child benefit maximum if no surviving spouse benefit is also payable, Minneapolis police relief association;

(10) \$25 per month if a surviving spouse benefit is also payable or an amount equal to the surviving spouse benefit, payable in equal shares if there is more than one surviving child, New Ulm police relief association;

(11) in an amount determined by the executive director of the public employees retirement association based on the financial circumstances and need of the surviving child or surviving children, applied in a uniform manner, reflective to the extent practicable or determinable to the past administrative practices of the board of the consolidating relief association before the effective date of the consolidation and not more than the largest surviving child benefit amount prescribed for any other actual or potential consolidating relief association as provided in this section, Red Wing police relief association;

(12) ~~five~~ 5.4 percent of the salary base if a surviving spouse benefit is also payable or ~~15~~ 16.2 percent of the salary base if no surviving spouse benefit is payable, Richfield fire department relief association;

(13) 5.3334 percent of the salary base, St. Cloud fire department relief association;

(14) five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable for the surviving child or children of a deceased active member, disabled member, or retired or deferred member with at least 20 years of active service, or the prorated portion of five percent of the salary base if a surviving spouse benefit is also payable or 15 percent of the salary base if no surviving spouse benefit is also payable that bears the same relationship to five or 15 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving child or children of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(15) ten percent of the salary base, St. Paul fire department relief association; and

(16) \$50 per month, Virginia police relief association.

Sec. 6. Minnesota Statutes 1994, section 353B.11, subdivision 5, is amended to read:

Subd. 5. [SURVIVOR BENEFIT MAXIMUM.] (a) No surviving children or surviving family maximum shall be applicable to former members of the following consolidating relief associations:

- (1) Buhl police relief association;
- (2) Chisholm firefighters relief association;
- (3) Chisholm police relief association;
- (4) Hibbing firefighters relief association;
- (5) Mankato police benefit association;
- (6) New Ulm police relief association;
- (7) Red Wing fire department relief association;

- (8) Red Wing police relief association;
- (9) St. Paul police relief association; and
- (10) South St. Paul police relief association.

(b) The surviving children maximum shall be 24 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(c) The surviving family maximum shall be 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Austin firefighters relief association;
- (3) Austin police relief association;
- (4) Duluth firefighters relief association; and
- (5) ~~Richfield fire department relief association; and~~
- (6) St. Louis Park fire department relief association.

(d) The surviving family maximum shall be an amount equal to the service pension which a retiring member would have received based on 20 years of allowable service credit if the member had attained the age of at least 50 years in the case of an active member, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death in the case of a deferred member, or of the service pension or disability benefit which the deceased member was receiving as of the date of death, for the former members of the following consolidating relief associations:

- (1) Columbia Heights police relief association;
- (2) Virginia fire department relief association; and
- (3) Virginia police relief association.

(e) The surviving children maximum shall be 25 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Duluth police pension association; and
- (2) Fairmont police benefit association.

(f) The surviving children maximum shall be 22.5 percent of the salary base, if a surviving spouse benefit is also payable or 45 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the Crystal police relief association.

- (g) The surviving children maximum shall be 16 percent of the salary base, if a surviving

spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving children maximum shall be 20 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association; and
- (3) Faribault fire department relief association.

(i) The surviving family maximum shall be the following for the former members of the consolidating relief associations:

- (1) 60 percent of the salary base, Bloomington police relief association;
- (2) \$450 per month, Crookston police relief association;

(3) 80 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Mankato fire department relief association; and

- (4) 54 percent of the salary base, Richfield fire department relief association; and
- (5) 57.5 percent of the salary base, St. Paul fire department relief association.

(j) The surviving child maximum shall be the following for the former members of the consolidating relief associations:

- (1) 20 percent of the top salary payable to a patrol officer, Brainerd police benefit association;
- (2) ten percent of the salary base, if a surviving spouse benefit is also payable or 15 percent of the salary base, if no surviving spouse benefit is also payable, Columbia Heights fire department relief association, paid division;
- (3) \$105 per month if a surviving spouse benefit is also payable or \$90 per month if no surviving spouse benefit is also payable, Crookston fire department relief association;
- (4) \$125 per month, Faribault police benefit association;
- (5) \$30 per month if a surviving spouse benefit is also payable or \$180 per month if no surviving spouse benefit is also payable, Hibbing police relief association;
- (6) 25 percent of the salary base, if a surviving spouse benefit is also payable or 51.25 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis fire department relief association;
- (7) 17.5 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis police relief association;
- (8) 24 percent of the salary base, St. Louis Park police relief association;
- (9) 23 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of

the salary base, if no surviving spouse benefit is also payable, South St. Paul firefighters relief association;

(10) ten percent of the salary base, West St. Paul firefighters relief association; and

(11) \$30 per month if a surviving spouse benefit is also payable or \$75 per month if no surviving spouse benefit is also payable, West St. Paul police relief association.

Sec. 7. Minnesota Statutes 1994, section 353B.13, is amended to read:

353B.13 [OTHER BENEFIT COVERAGE.]

(a) A person who is a former member of the Austin firefighters relief association who receives a service pension or a disability pension from the relief association and who is under age 65 or who is not yet eligible for the receipt of federal Medicare benefits, whichever occurs first, and the person's spouse, if the spouse would be eligible for a surviving spouse benefit upon the death of the pension recipient, is entitled to receive a health or medical insurance premium benefit in an amount equal to the amount that the city of Austin would pay under the applicable collective bargaining agreement for medical or health insurance coverage for a firefighter who is employed by the city, who has a spouse and who has no other dependents, payable monthly, in addition to any other pension amount received by the eligible pension recipient, and not subject to any postretirement adjustments applicable to service pensions or disability pensions.

(b) A person who is a former member of the New Ulm police relief association, who retired from the New Ulm police department after October 15, 1985, and who is receiving a service pension after the effective date of consolidation as provided in section 353A.06, shall be entitled to receive a supplemental benefit of \$80 per month for each month following the date of retirement until the last day of the month in which the person attains the age of 65 years.

(c) The payment of the premiums for medical and dental insurance coverage and the payment of a lump sum amount at retirement for former members of the St. Cloud fire department relief association and the payment of the premiums for medical insurance coverage and the payment of a lump sum amount at retirement for former members of the St. Cloud police relief association as provided for in the governing benefit plan documents shall be considered to be special benefit coverage governed by section 353A.08, subdivision 6.

(d) A person who is a former member of the St. Paul fire department relief association who is unable to perform normally assigned fire department service due to a medically determinable physical or mental illness or injury and who is removed from the fire department payroll, upon application, until recovery, or for a period of 90 days or for a period of 150 days upon a showing of need and a medical report indicating a reasonable prognosis for recovery due to the extended period, whichever occurs first, shall be entitled to a sick relief benefit for each day of that inability, payable monthly, in an amount of 1.5625 percent of the salary base per day.

Sec. 8. [EFFECTIVE DATE.]

Subdivision 1. [AUSTIN FIRE.] Sections 3 and 4 with respect to the Austin fire department relief association and section 7 are effective on the effective date of article 2, section 4.

Subd. 2. [MINNEAPOLIS FIRE.] Section 3 with respect to the Minneapolis fire department relief association is effective on the effective date of article 3, section 1.

Subd. 3. [RICHFIELD FIRE.] Sections 1, 2, 5, and 6 and section 4 with respect to the Richfield firefighters relief association are effective on the effective date of article 2, sections 1, 2, and 5.

ARTICLE 5

NORWOOD-YOUNG AMERICA

CONSOLIDATED VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION

Section 1. [CONSOLIDATED NORWOOD-YOUNG AMERICA VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [COMBINATION.] The cities of Norwood and Young America in Carver county have conducted the necessary proceedings to combine as one municipality to be known as Norwood-Young America effective January 1, 1997, pursuant to Minnesota Statutes, sections 465.81 to 465.87.

Subd. 2. [CREATION.] The Norwood volunteer firefighters relief association and the Young America volunteer firefighters relief association are consolidated into a single volunteer firefighters relief association in the manner provided by this chapter. The consolidated volunteer firefighters relief association is to be governed by this chapter and the applicable provisions of Minnesota Statutes, chapters 69, 317A, 356, 356A, and 424A.

Subd. 3. [CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.] The consolidated volunteer firefighters relief association must be incorporated under Minnesota Statutes, chapter 317A. The incorporators of the consolidated relief association must include at least one board member of the former Norwood volunteer firefighters relief association and at least one board member of the former Young America volunteer firefighters relief association. The consolidated relief association must be incorporated no later than February 1, 1997.

Sec. 2. [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in Minnesota Statutes, section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of Minnesota Statutes, chapters 69, 356A, and 424A.

Sec. 3. [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in Minnesota Statutes, section 424A.05. The general fund must be established and maintained as provided in Minnesota Statutes, section 424A.06.

Sec. 4. [EFFECTIVE DATE OF CONSOLIDATION; TRANSFERS.]

The first business day occurring 30 days after the incorporation of the consolidated volunteer firefighters relief association under section 1 is the effective date of consolidation. On the effective date of consolidation, the administration, records, assets, and liabilities of the prior Norwood volunteer firefighters relief association and the prior Young America volunteer firefighters relief association are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the Norwood volunteer firefighters relief association and the Young America volunteer firefighters relief association cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Sec. 5. [TRANSFER OF ADMINISTRATION.]

On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the consolidated volunteer firefighters relief association.

Sec. 6. [TRANSFER OF RECORDS.]

On the effective date of consolidation, the secretary and the treasurer of the Norwood volunteer firefighters relief association and the secretary and treasurer of the Young America volunteer firefighters relief association shall transfer all records and documents relating to the prior relief

associations to the secretary and treasurer of the consolidated volunteer firefighters relief association.

Sec. 7. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.]

(a) On the effective date of consolidation, the secretary and the treasurer of the Norwood volunteer firefighters relief association and the secretary and treasurer of the Young America volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the consolidated relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the consolidated volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the consolidated volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The consolidated volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior Norwood volunteer firefighters relief association and the prior Young America volunteer firefighters relief association, or the cities of Norwood and Young America, with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the city in which that relief association is located, or any person connected with the prior relief association or the city, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or Minnesota Statutes, chapter 356A.

Sec. 8. [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Prior to the effective date of consolidation, the secretary of the Norwood volunteer firefighters relief association and the secretary of the Young America volunteer firefighters relief association shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Prior to the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the consolidated volunteer relief association.

Sec. 9. [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the consolidated volunteer firefighters relief association, the Norwood volunteer firefighters relief association and the Young America volunteer firefighters relief association cease to exist as legal entities for any purpose. The city clerk of the city of Norwood-Young America shall notify the following governmental officials of the termination of the respective volunteer firefighters relief associations and of the establishment of the consolidated volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and

(4) commissioner of the federal Internal Revenue Service.

Sec. 10. [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the consolidated volunteer firefighters relief association must be from the special fund of the consolidated volunteer firefighters relief association in accordance with Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated volunteer firefighters relief association and approved by the board of trustees or the consolidated volunteer firefighters relief association. The payment of any other expenses of the consolidated volunteer firefighters relief association must be from the general fund of the consolidated volunteer firefighters relief association in accordance with Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated volunteer firefighters relief association and approved by the board of trustees of the consolidated volunteer firefighters relief association.

Sec. 11. [VALIDATION OF CURRENT BENEFIT PLANS AND PRIOR ACTIONS.]

Notwithstanding any other law, the benefit plans of the Norwood volunteer firefighters relief association and the Young America volunteer firefighters relief association, as reflected in each association's articles of incorporation and bylaws as of December 31, 1995, are ratified and validated. Acts previously taken by the Norwood volunteer firefighters relief association and the Young America volunteer firefighters relief association in association with those ratified by articles of incorporation are also ratified and validated.

Sec. 12. [BENEFITS; FUNDING.]

After the effective date of consolidation, the service pension for a member of the consolidated firefighters relief association is \$550 for each year of past service credited by either the Norwood volunteer firefighters relief association or the Young America volunteer firefighters relief association. Future service credited by the consolidated firefighters relief association is payable in a lump sum and is to be so provided in the bylaws of the consolidated volunteer firefighters relief association. The service pension may be subsequently changed by appropriate amendment to the bylaws approved by the board of trustees and the city council of the city of Norwood-Young America under Minnesota Statutes, sections 69.772, subdivision 6, and 424A.02, subdivisions 1 and 2. In its budget and tax levy for the year 1997, the city of Norwood-Young America must provide that funds will be transferred to the special fund of the consolidated volunteer firefighters relief association to fully fund the actuarial accrued liability of the special fund as determined under Minnesota Statutes, section 69.772, subdivisions 2 and 2a. Subsequent budgets and tax levies must comply with Minnesota Statutes, section 69.772, subdivisions 3 and 4.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective the day following approval by the city council of the city of Norwood and approval by the city council of the city of Young America and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to retirement; various local pension plans; making miscellaneous benefit and administrative changes; amending Minnesota Statutes 1994, sections 353B.07, subdivision 3; 353B.08, subdivision 6; 353B.11, subdivisions 1, 3, 4, and 5; and 353B.13; Laws 1965, chapter 519, section 1, as amended; Laws 1967, chapter 798, sections 2 and 4; Laws 1992, chapter 563, section 5; Laws 1994, chapter 490, section 2; and Laws 1995, chapter 262, article 7, section 1."

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

H.F. No. 2310: A bill for an act relating to health; transferring certain authority from the

commissioner of health to the emergency medical services regulatory board; adding two members to the emergency medical services regulatory board; adding an exemption to the medical license requirement; specifying effective date of appointments and board actions; amending Minnesota Statutes 1994, section 169.686, subdivision 3; Minnesota Statutes 1995 Supplement, sections 144.8093, subdivision 4; 144E.01, subdivision 1; and 147.09.

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 2461: A bill for an act relating to retirement; the Minneapolis teachers retirement fund association; providing for purchase of allowable service credit for public school employment outside the state of Minnesota; proposing coding for new law in Minnesota Statutes, chapter 354A.

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

Page 2, line 1, delete "ten" and insert "three"

Page 2, line 11, delete "one-half"

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 2818: A bill for an act relating to gambling; establishing a commission to conduct discussions with Indian tribal governments on gambling issues; prescribing membership of the commission; requiring a report.

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

Page 1, line 10, delete "is created, consisting of" and insert "consists of the following persons or their designees:"

Page 1, line 13, delete everything after "senate" and insert a period

Page 1, delete lines 14 and 15

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 918: A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article V, sections 1, 3, and 4; article VIII, section 2; article XI, sections 7 and 8; abolishing the office of state treasurer; transferring or repealing the powers, responsibilities, and duties of the state treasurer; amending Minnesota Statutes 1994, sections 9.011, subdivision 1; and 11A.03.

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

Page 4, line 4, delete "the"

Page 4, line 5, delete "lieutenant governor,"

Page 5, line 4, delete "lieutenant governor,"

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 2684: A bill for an act relating to drivers' licenses; providing conditions for validity of state contracts; requiring refund of license fee if a qualified applicant does not receive a license, duplicate license, permit, or identification card within six weeks of application; providing for issuance of license without regard to whether the fee has been refunded; requiring legislative audit commission to study driver's license and identification card program; amending Minnesota Statutes 1994, sections 16B.06, subdivision 2; 171.06, by adding a subdivision; and 171.07, subdivisions 1 and 3.

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

Page 4, delete section 5

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 8, delete from "requiring" through page 1, line 10, to "program;"

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 2457: A bill for an act relating to public employees; regulating the salaries of certain higher education officers; ratifying certain labor agreements and compensation plans; amending Minnesota Statutes 1994, sections 43A.17, subdivision 1; and 179A.03, subdivision 4; Minnesota Statutes 1995 Supplement, sections 15A.081, subdivision 7b; and 43A.18, subdivision 2.

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

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1994, section 3.855, subdivision 4, is amended to read:

Subd. 4. [OTHER DUTIES.] The commission shall:

(1) continually monitor the state's civil service system provided for in chapter 43A, rules of the commissioner of employee relations, and the collective bargaining process provided for in chapter 179A, as applied to state employees;

(2) research and analyze the need for improvements in those statutory sections;

(3) adopt rules consistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters; ~~and~~

(4) perform other related functions delegated to it by the legislature; and

(5) adopt changes, as necessary, to the uniform collective bargaining agreement settlement document developed under section 179A.07, subdivision 7. Any modifications to the form approved by the commission must be submitted to the legislature in the same manner as compensation plans under subdivision 3."

Page 4, after line 12, insert:

"Sec. 6. Minnesota Statutes 1995 Supplement, section 179A.04, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] (a) The commissioner shall:

(1) provide mediation services as requested by the parties until the parties reach agreement, and may continue to assist parties after they have submitted their final positions for interest arbitration;

(2) issue notices, subpoenas, and orders required by law to carry out duties under sections 179A.01 to 179A.25;

(3) assist the parties in formulating petitions, notices, and other papers required to be filed with the commissioner;

(4) conduct elections;

(5) certify the final results of any election or other voting procedure conducted under sections 179A.01 to 179A.25;

(6) adopt rules relating to the administration of this chapter and the conduct of hearings and elections;

(7) receive, catalogue, file, and make available to the public all decisions of arbitrators and panels authorized by sections 179A.01 to 179A.25, all grievance arbitration decisions, and the commissioner's orders and decisions;

(8) adopt, subject to chapter 14, a grievance procedure that fulfills the purposes of section 179A.20, subdivision 4, does not provide for the services of the bureau of mediation services and is available to any employee in a unit not covered by a contractual grievance procedure;

(9) maintain a schedule of state employee classifications or positions assigned to each unit established in section 179A.10, subdivision 2;

(10) collect fees established by rule for empanelment of persons on the labor arbitrator roster maintained by the commissioner or in conjunction with fair share fee challenges;

(11) provide technical support and assistance to voluntary joint labor-management committees established for the purpose of improving relationships between exclusive representatives and employers, at the discretion of the commissioner;

(12) provide to the parties a list of arbitrators as required by section 179A.16, subdivision 4; and

(13) maintain a list of up to 60 arbitrators for referral to employers and exclusive representatives for the resolution of grievance or interest disputes. Each person on the list must be knowledgeable about collective bargaining and labor relations in the public sector, well versed in state and federal labor law, and experienced in and knowledgeable about labor arbitration. To the extent practicable, the commissioner shall appoint members to the list so that the list is gender and racially diverse.

~~(b) The commissioner shall make available uniform baseline determination documents and uniform collective bargaining agreement settlement documents applicable to all negotiations between exclusive representatives of appropriate units of public employees and public employers other than townships and prescribe procedures and instructions for completion of the documents. The commissioner shall, at a minimum, include these individual elements in the uniform baseline determination document: the costs of any increases to the wage schedule; the costs of employees moving through the wage schedule; costs of medical insurance; costs of dental insurance; costs of life insurance; lump sum payments; shift differentials; extracurricular activities; longevity; employer contributions to social security; employer contributions to state or local retirement plans; and contributions to a deferred compensation account. The calculation of the base year must be based on an annualization of the costs provided in the base year contract. The documents must be in the same form as presented by the commissioner to the legislative commission on employee relations on February 17, 1994. A completed uniform collective bargaining agreement settlement document must be presented to the public employer at the time it ratifies a collective bargaining agreement and must be available afterward for inspection during normal business hours at the principal administrative offices of the public employer. The commissioner shall provide training and technical assistance to public employers who request it in completing the uniform baseline~~

determination documents and uniform collective bargaining agreement settlement documents. The commissioner shall at least annually inform public employers of their obligations to complete and post these forms and to submit copies of the completed forms to the legislative commission on employee relations.

(e) From the names provided by representative organizations, the commissioner shall maintain a list of arbitrators to conduct teacher discharge or termination hearings according to section 125.12 or 125.17. The persons on the list must meet at least one of the following requirements:

- (1) be a former or retired judge;
- (2) be a qualified arbitrator on the list maintained by the bureau;
- (3) be a present, former, or retired administrative law judge; or

(4) be a neutral individual who is learned in the law and admitted to practice in Minnesota, who is qualified by experience to conduct these hearings, and who is without bias to either party.

Each year, the Minnesota education association shall provide a list of seven names, the Minnesota federation of teachers a list of seven names, and the Minnesota school boards association a list of 14 names of persons to be on the list. The commissioner may adopt rules about maintaining and updating the list.

Sec. 7. Minnesota Statutes 1994, section 179A.07, is amended by adding a subdivision to read:

Subd. 7. [UNIFORM SETTLEMENT FORM.] (a) A public employer, other than a township, shall complete a uniform collective bargaining agreement settlement document for each collective bargaining agreement or arbitration award. The public employer shall:

(1) present the settlement document to the governing body at the time it ratifies a collective bargaining agreement or arbitration award;

(2) make the settlement document available afterward for inspection during normal business hours at the principal administrative offices of the public employer; and

(3) submit a copy of each settlement document to the department of finance within ten days of the approval by the governing body of the collective bargaining agreement or arbitration award.

(b) The commissioner of finance shall make available uniform baseline determination documents and uniform collective bargaining agreement settlement documents applicable to all negotiations between exclusive representatives of appropriate units of public employees and public employers other than townships and prescribe procedures and instructions for completion of the documents. The commissioner of finance shall, at a minimum, include these individual elements in the uniform baseline determination document: the costs of any increases to the wage schedule; the costs of employees moving through the wage schedule; the costs of medical insurance; the costs of dental insurance; the costs of life insurance; lump-sum payments; shift differentials; extracurricular activities; longevity; employer contributions to social security; employer contributions to state or local retirement plans; and contributions to a deferred compensation account. The calculation of the base year must be based on an annualization of the costs provided in the base year contract. The documents must be in the same form as presented by the commissioner of the bureau of mediation services to the legislative commission on employee relations on February 17, 1994; however, the legislative coordinating commission may modify the form as provided in subdivision 4.

(c) The commissioner of finance shall provide training and technical assistance to public employers who request it in completing the uniform baseline determination documents and uniform collective bargaining agreement settlement documents. The commissioner of finance, at least annually, shall inform public employers of their obligations to complete and post these forms and to submit copies of the completed forms to the department of finance."

Page 6, after line 21, insert:

"Sec. 9. [HIGHER EDUCATION SERVICES OFFICE DIRECTOR.]

Notwithstanding section 8, subdivision 8, the salary of the director of the higher education services office is \$78,500 effective December 1, 1995, and until the top of the salary range for the commissioner of administration is raised above that level.

Sec. 10. [APPROPRIATION.]

\$...... is appropriated to the commissioner of finance for the purpose of carrying out section 7."

Page 6, line 23, delete "1 to 5" and insert "2 to 5, 8, and 9"

Page 6, line 24, after the period, insert "Section 7 is effective July 1, 1996."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "prescribing the form and use of uniform collective bargaining settlement forms;"

Page 1, line 5, after "sections" insert "3.855, subdivision 4;"

Page 1, line 6, delete "and" and after the second semicolon, insert "and 179A.07, by adding a subdivision;"

Page 1, line 8, delete "and" and before the period, insert "; and 179A.03, subdivision 3"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 2340: A bill for an act relating to health professions; providing for the registration of speech-language pathologists and audiologists by the department of health; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Rules, parts 4750.0010; 4750.0020; 4750.0030; 4750.0040; 4750.0050; 4750.0060; 4750.0070; 4750.0080; 4750.0090; 4750.0100; 4750.0200; 4750.0300; 4750.0400; 4750.0500; 4750.0600; and 4750.0700.

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

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 2810: A bill for an act relating to capital improvements; appropriating money for a grant to Farmamerica; authorizing the sale of state bonds.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 2055: A bill for an act relating to telecommunications; requiring notice to customers of the right to require written authorization before changing intrastate telecommunications carrier or local telephone company; amending Minnesota Statutes 1994, section 237.66, subdivision 3, and by adding a subdivision; Minnesota Statutes 1995 Supplement, section 237.16, subdivision 8.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 237.16, subdivision 8, is amended to read:

Subd. 8. [RULES.] (a) Before August 1, 1997, the commission shall adopt rules applicable to all telephone companies and telecommunications carriers required to obtain or having obtained a certificate for provision of telephone service using any existing federal standards as minimum standards and incorporating any additional standards or requirements necessary to ensure the provision of high quality telephone services throughout the state. The rules must, at a minimum:

- (1) define procedures for competitive entry and exit;
- (2) require the provisions of equal access and interconnection with the company's network and other features, functions, and services which the commission considers necessary to promote fair and reasonable competition;
- (3) require unbundling of network services and functions to at least the level required by existing federal standards;
- (4) prescribe, if necessary, methods of reciprocal compensation between telephone companies;
- (5) provide for local telephone number portability;
- (6) prescribe appropriate regulatory standards for new local telephone service providers, that facilitate and support the development of competitive services;
- (7) protect against cross-subsidization, unfair competition, and other practices harmful to promoting fair and reasonable competition;
- (8) prescribe methods for the preservation of universal and affordable local telephone services;
- (9) prescribe standards for quality of service; and
- (10) provide for the continued provision of local emergency telephone services under chapter 403; and
- (11) protect residential and commercial customers from unauthorized changes in service providers in a competitively neutral manner.

(b) Before January 1, 1998, in a separate rulemaking, the commission shall adopt separate rules regarding the issues described in paragraph (a), clauses (1) to ~~(4)~~ (11), as may be appropriate to provision of competitive local telephone service in areas served by telephone companies with less than 50,000 subscribers originally certified to provide local telephone services before January 1, 1988.

Sec. 2. Minnesota Statutes 1994, section 237.66, is amended by adding a subdivision to read:

Subd. 1a. [NOTICE TO CUSTOMERS.] (a) Each residential and commercial telecommunications carrier customer may elect to require that the telephone company serving the customer receive authorization from the customer before a request to serve that customer from a different intrastate telecommunication carrier than the carrier currently serving the customer is processed.

(b) For new installations, a telephone company shall notify a residential or commercial customer of the right described in paragraph (a) when the customer initially requests intraexchange service.

(c) Within one year of the date of enactment of this subdivision, a telecommunication carrier shall notify each of its existing residential and commercial customers of the right described in paragraph (a). The notice may be made as a billing insert. Any customer notification of the rights

set forth in this subdivision shall be provided utilizing uniform, competitively neutral language and the form, content, and style of the authorization shall be consistent with federal law and regulation and shall use language provided and approved by the public utilities commission.

(d) A customer may change this election at any time by notifying the telephone company of that decision. No separate charge may be imposed on the customer for electing to exercise the right described in paragraph (a) or to change that election, but a telephone company may recover in rates the reasonable costs of administering the election.

(e) If a customer has elected to exercise the right described in paragraph (a), the telephone company shall not process a request to serve the customer by another telecommunications carrier without prior authorization from the customer. If a customer has not elected to exercise the right described in paragraph (a), the company may process a request to serve the customer by another telecommunications carrier.

(f) A carrier may request such a change if the customer has authorized the change either orally or in writing signed by the customer. If the carrier requests a change in a customer's service provider, the carrier must:

(1) notify the customer in writing that the request has been processed; and

(2) be able to present, upon complaint by the customer, verified authorization for the change by the customer.

If the initial authorization was made orally, the carrier must be able to present verified authorization received from the customer within 14 business days of the date the oral authorization was made.

(g) In the case of an oral authorization, if a telecommunications carrier does not receive the verified authorization within 14 business days of the date of the oral authorization, the carrier must either bear the risk that the charge to the service of the carrier will be deemed unauthorized under paragraph (h) or:

(1) immediately return the customer to the service of the customer's original service provider;

(2) bear all costs associated with returning the customer; and

(3) bill the customer for services rendered at the rate the customer would have paid for such services if the request to serve the customer had not been made.

(h) If the carrier is not able to present, upon complaint by the customer, verified authorization received from the customer as required under paragraph (f) and the carrier did not return the customer to the service of the customer's original service provider as required under paragraph (g), the change to the service of the carrier shall be deemed to be unauthorized from the date the carrier requested the change. In that event, the carrier shall:

(1) bear all costs of immediately returning the customer to the service of the customer's original service provider; and

(2) bear all costs of serving that customer during the period of unauthorized service.

(i) For purposes of paragraphs (f), (g), and (h), authorization required in those paragraphs may be verified utilizing any method that is consistent with federal law and regulation.

Sec. 3. Minnesota Statutes 1994, section 237.66, subdivision 3, is amended to read:

Subd. 3. [ENFORCEMENT.] If, after an expedited procedure conducted under section 237.61, the commission finds that a telephone company is failing to provide disclosure as required under subdivision 1, or the notification required under subdivision 1a, paragraphs (b) and (c), it shall order the company to take corrective action as necessary.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment. Sections 2 and 3 are effective January 1, 1997."

Delete the title and insert:

"A bill for an act relating to telecommunications; requiring notice to customers of the right to require written authorization before changing intrastate telecommunications carrier or local telephone company; amending Minnesota Statutes 1994, section 237.66, subdivision 3, and by adding a subdivision; Minnesota Statutes 1995 Supplement, section 237.16, subdivision 8."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 2238: A bill for an act relating to alternative energy; clarifying a mandate for certain utilities to generate electric power using biomass fuel; amending Minnesota Statutes 1995 Supplement, section 216B.2424.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1995 Supplement, section 216B.2424, is amended to read:
216B.2424 [BIOMASS POWER MANDATE.]

Subdivision 1. [FARM GROWN CLOSED-LOOP BIOMASS.] For purposes of this section "farm grown closed-loop biomass" means biomass, as defined in section 216C.051, subdivision 7, that shows demonstrable economic benefits to the state of Minnesota.

Subd. 2. [MANDATE.] A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity within the state generated by farm grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity within the state so generated scheduled to be operational by December 31, 2002. Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project. Of the 75 megawatts of biomass electric energy installed capacity required under clause (2), no more than 25 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1. The public utility must accept and consider on an equal basis with other proposals a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either clause (1) or (2) and that proposes to sell the excess capacity to the public utility or to other purchasers.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; regulating a mandate to generate electricity using biomass as a fuel; amending Minnesota Statutes 1995 Supplement, section 216B.2424."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 2471: A bill for an act relating to labor relations; modifying provisions regarding mandatory arbitration for charitable hospital employers and employees; amending Minnesota Statutes 1994, section 179.38.

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

Page 1, line 18, delete "employment, tenure," and insert "terms and conditions of employment"

Page 1, line 19, delete "conditions, or terms of employment"

Page 1, line 24, after the period, insert "For public employers, terms and conditions of employment" has the meaning given it in section 179A.03, subdivision 19."

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 2682: A bill for an act relating to employment; modifying provisions governing school conference and activities leave; amending Minnesota Statutes 1994, section 181.9412.

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

Page 1, lines 14 and 16, strike "classroom" and insert "school-related"

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 2515: A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1994, sections 222.86, subdivision 3; 222.87, subdivision 3, and by adding subdivisions; and 222.88.

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

Page 2, line 8, delete the third "the"

Page 2, line 9, delete "to" and insert "with"

Page 2, delete sections 2 and 3

Page 2, line 23, delete "222.87" and insert "222.86"

Page 2, line 26, delete "1, 2, or 2a" and insert "1 or 2" and delete "at least \$500" and insert "up to"

Page 2, line 27, delete "but not more than"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "; 222.87, subdivision 3"

Page 1, line 6, delete "subdivisions" and insert "a subdivision"

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

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 2381: A bill for an act relating to telecommunications; ensuring that all providers of telephone service can provide intrastate inter-LATA long distance service; amending Minnesota Statutes 1994, section 237.60, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Delete everything after the enacting clause and insert:

"Section 1. [237.80] [INTEREXCHANGE TELEPHONE SERVICE.]

Subdivision 1. [DEFINITION, FINDINGS, AND PURPOSE.] (a) For purposes of this section, "act" means the federal Telecommunications Act of 1996, Public Law Number 104-104.

(b) The act establishes procedures whereby former Bell Operating Companies or their affiliates may obtain Federal Communications Commission authorization to provide intrastate interLATA telecommunications services and to promote the development of fair and reasonable competition.

(c) The purpose of this section is to promote the development of fair and reasonable competition in the telecommunications industry in Minnesota.

Subd. 2. [CONSULTATION WITH THE FCC.] Any investigation or proceeding by the Minnesota public utilities commission for the purpose of verifying compliance with the competitive checklist requirements of section 271(c) of the act must be completed by the commission and the resulting certification provided to the Federal Communications Commission within 90 days after receipt of a request for verification from the Federal Communications Commission."

Delete the title and insert:

"A bill for an act relating to telecommunications; regulating intrastate interLATA telecommunications services; proposing coding for new law in Minnesota Statutes, chapter 237."

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

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

S.F. No. 2424: A bill for an act relating to taxation; making policy and administrative changes to certain taxes and fees; amending Minnesota Statutes 1994, sections 103E.611, subdivision 7; 270.102, subdivisions 1, 2, and 3; 270.70, subdivision 2; 273.13, subdivision 23; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.25; 295.51, subdivision 1, and by adding a subdivision; 295.52, by adding a subdivision; 295.54, subdivisions 1, 2, and by adding a subdivision; 296.02, subdivision 8; 296.141, subdivision 4; 297.04, subdivision 9; 297A.09; 297A.25, subdivision 14; and 297A.256, subdivision 1; Minnesota Statutes 1995 Supplement, sections 115B.48, by adding subdivisions; 115B.49, subdivisions 2 and 4; 273.124, subdivision 13; 295.50, subdivision 3; and 295.53, subdivisions 1 and 5; proposing coding for new law in Minnesota Statutes, chapters 115B; 287; and 297A; repealing Minnesota Statutes 1994, section 295.50, subdivisions 8, 9, 9a, 11, 12, and 12a.

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

Page 1, after line 22, insert:

"Section 1. Minnesota Statutes 1994, section 165.08, subdivision 5, is amended to read:

Subd. 5. [EXEMPTIONS.] Notwithstanding any other provision of law to the contrary, the properties, moneys, and other assets of any joint and independent international authority or commission created under subdivision 1, all revenues or other income of any such authority or commission, and all bonds, certificates of indebtedness, or other obligations issued by any such authority or commission, and the interest thereon, shall be exempt from all taxation, licenses, fees, or charges of any kind imposed by the state or by any county, municipality, political subdivision, taxing district, or other public agency or body of the state."

Page 5, after line 3, insert:

"Sec. 4. Minnesota Statutes 1994, section 458A.32, subdivision 4, is amended to read:

Subd. 4. Revenue bonds of the authority shall be deemed and treated as instrumentalities of a public government agency; ~~and as such, together with interest thereon, exempt from taxation.~~"

Page 5, line 5, before "Sections" insert "Sections 1 and 4 are effective for income earned after July 1, 1983, in taxable years beginning after December 31, 1982." and delete "1 and 2" and insert "2 and 3"

Page 9, line 17, strike the first comma and after "suspended" insert "under this chapter"

Page 9, line 18, after "denied" insert "under this chapter"

Page 16, line 32, after "to" insert "persons who signed" and strike "owners of the"

Page 16, line 33, strike "affected property" and insert "homestead application related to the improper homestead"

Page 16, line 35, strike "property owners" and insert "person notified"

Page 17, line 10, strike "succeeding year's tax"

Page 17, strike lines 11 and 12

Page 17, line 13, strike everything before the period and insert "county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the application related to the improperly allowed homestead was signed by the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the application related to the improperly allowed homestead was not signed by the current owner of the property, the treasurer may collect the amounts due under the revenue recapture act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the occupant who signed the application related to the improperly allowed homestead. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing"

Page 21, line 36, after "to" insert "persons who signed" and strike "owners of" and insert "homestead application related to"

Page 22, line 1, strike "property" and insert "improper homestead"

Page 22, line 3, strike "property owners" and insert "persons notified"

Page 22, strike line 10

Page 22, line 11, strike everything before the period and insert "county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the application related to the improperly allowed homestead was signed by the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the application related to the improperly allowed homestead was not signed by the current owner of the property, the treasurer may collect the amounts due under the revenue recapture act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the occupant who signed the application related to the"

improperly allowed homestead. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing"

Page 23, after line 25, insert:

"Sec. 2. Minnesota Statutes 1995 Supplement, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" means:

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any goods and services not listed above that qualify for reimbursement under the medical assistance program provided under chapter 256B. For purposes of this clause, "directly to a patient or consumer" includes goods and services provided in connection with independent medical examinations under section 65B.56 or other examinations for purposes of litigation or insurance claims;

(2) a staff model health plan company; or

(3) an ambulance service required to be licensed.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A or licensed in any other jurisdiction, pharmacies, surgical centers, bus and taxicab transportation, or any other providers of transportation services other than ambulance services required to be licensed, supervised living facilities for persons with mental retardation or related conditions, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900, residential care homes licensed under chapter 144B, board and lodging establishments providing only custodial services that are licensed under chapter 157 and registered under section 157.031 to provide supportive services or health supervision services, adult foster homes as defined in Minnesota Rules, part 9555.5050 9555.5105, day training and habilitation services for adults with mental retardation and related conditions as defined in section 252.41, subdivision 3, and boarding care homes, as defined in Minnesota Rules, part 4655.0100."

Page 28, line 33, delete "2, 5 to 8, and 10" and insert "3, 6 to 9, and 11"

Page 28, line 35, delete "3, 4, and 9" and insert "4, 5, and 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "7;" insert "165.08, subdivision 5;"

Page 1, line 12, after "14;" delete "and" and after "1;" insert "and 458A.32, subdivision 4;"

Page 1, line 15, delete "subdivision 3" and insert "subdivisions 3 and 4"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2597: A bill for an act relating to local government; providing for creation of an advisory council on intergovernmental relations; proposing coding for new law in Minnesota Statutes, chapter 15.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for February 12, 1996, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2466: A bill for an act relating to traffic regulations; exempting first hauls of farm and forest products from certain additional registration taxes when weight restrictions are not exceeded by more than ten percent; allowing use of safety cables on trailers and semitrailers; providing for maximum civil penalties for gross weight violations when not preceded by two or more violations within 12 months; requiring persons who load or unload goods to keep certain records; amending Minnesota Statutes 1994, sections 168.013, subdivision 3; 169.82, subdivision 3; 169.871, by adding a subdivision; and 169.872, subdivision 1.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for February 12, 1996, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2260: A bill for an act relating to state government; modifying classifications for certain positions in the higher education system; amending Minnesota Statutes 1995 Supplement, section 43A.08, subdivision 1.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for February 14, 1996, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2183: A bill for an act relating to employee relations; modifying employee relations data practices; creating a selection process for certain civil service positions; modifying provisions and deadlines of a pilot project; allowing donation of accrued vacation leave to sick leave accounts; amending Minnesota Statutes 1994, section 43A.15, by adding a subdivision; Minnesota Statutes 1995 Supplement, section 13.67; Laws 1995, chapter 248, article 13, section 2, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapter 43A; repealing Minnesota Statutes 1994, section 43A.182.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for February 9, 1996, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1871: A bill for an act relating to state government; requiring an offer of long-term care insurance to retiring state employees; amending Minnesota Statutes 1995 Supplement, section 43A.316, by adding a subdivision.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for February 14, 1996, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1865: A bill for an act relating to motor vehicles; allowing special motorcycle license plates for Vietnam veterans; amending Minnesota Statutes 1994, section 168.123, subdivisions 1 and 4.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for February 14, 1996, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1299: A bill for an act relating to bilingual communication services; requiring the Spanish-speaking affairs council and the council on Asian-Pacific Minnesotans to report on coordination with the department of administration; requiring all public agencies that deal directly with non-English-speaking people to provide information and services in the language of the non-English-speaking people; amending Minnesota Statutes 1994, sections 3.9223, subdivision 7; 3.9226, subdivision 7; and 15.441.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for February 1, 1996, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1164: A bill for an act relating to transportation; allowing department of health division of disease prevention and control to use unmarked motor vehicles and passenger vehicle license plates; allowing commissioner of transportation to act as agent to accept federal money for nonpublic organizations for transportation purposes; increasing maximum lump sum utility adjustment amount allowed for relocating utility facility; eliminating percentage limit for funding transportation research projects and providing for federal research funds and research partnerships; allowing counties more authority in disbursing certain state-aid highway funds; eliminating requirement to have permit identifying number affixed to highway billboard; eliminating legislative route No. 331 from trunk highway system and turning it back to the jurisdiction of Fillmore county; allowing fire departments to use public roads for hydrants or dry hydrants; making technical corrections; amending Minnesota Statutes 1994, sections 16B.54, subdivision 2; 161.085; 161.36, subdivisions 1, 2, 3, and 4; 161.46, subdivision 3; 161.53; 162.08, subdivisions 4 and 7; 162.14, subdivision 6; 168.012, subdivision 1; 173.07, subdivision 1; 174.04; 227.37, subdivision 1; repealing Minnesota Statutes 1994, sections 161.086; 161.115, subdivision 262.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for February 14, 1996, be amended to read:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2270: A bill for an act relating to motor vehicles; specifying percentages of the motorcycle safety fund that may be spent on administration and motorcycle safety instruction; amending Minnesota Statutes 1995 Supplement, section 126.115, subdivision 3.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for February 12, 1996, be amended to read:

"the bill do pass and be re-referred to the Committee on Finance". Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 1885: A bill for an act relating to human services; clarifying foster care payment and placement; clarifying adoption assistance; defining egregious harm in the juvenile code; amending the parental rights termination statute; amending Minnesota Statutes 1994, sections 256E.08, by adding a subdivision; 257.071, subdivision 1a, and by adding subdivisions; 257.072, subdivisions 1, 5, and 8; 257.0725; 259.67, subdivisions 4 and 6; 259.77; 260.015, by adding a subdivision; 260.181, subdivision 3; and 260.221, by adding a subdivision; Minnesota Statutes 1995 Supplement, sections 256.045, subdivision 3; and 260.221, subdivision 1; Laws 1995, chapter 207, article 1, section 2, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for February 14, 1996, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 2213: A bill for an act relating to public safety; providing for enforcement of requirement that drivers provide proof of automobile insurance; permitting drivers to avoid penalties by providing proof of insurance on date of first court appearance rather than within ten days after officer's demand for proof; amending Minnesota Statutes 1994, sections 169.791, subdivisions 2a, 3, and 4; and 169.792, subdivisions 1, 2, 3, 5, and 6.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for February 16, 1996 be adopted; that committee recommendation being:

"the bill do pass". Report adopted. pass".

SECOND READING OF SENATE BILLS

S.F. Nos. 2821, 2097, 2636, 2252, 1866, 1735, 1655, 2037, 2540, 2023, 2126, 2461, 2818, 2238, 2471, 2515, 2381, 2424, 2597. 2260, 1871, 1299, 1885 and 2213 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2149, 2008, 2834, 2330, 2310, 2340, 2055 and 2682 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Murphy moved that S.F. No. 2731 be withdrawn from the Committee on Environment and Natural Resources and returned to its author. The motion prevailed.

Mr. Betzold moved that S.F. No. 1866, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Moe, R.D. moved that H.F. No. 2380 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance. The motion prevailed.

RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby H.F. No. 2380 was withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance was passed, be now reconsidered. The motion prevailed.

Mr. Moe, R.D. withdrew his motion.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that S.F. No. 2802 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mses. Ranum, Robertson, Messrs. Janezich, Cohen and Solon introduced--

S.F. No. 2843: A bill for an act relating to education; providing for a task force to develop a student bill of rights and responsibilities for effective learning.

Referred to the Committee on Education.

Mr. Laidig introduced--

S.F. No. 2844: A bill for an act relating to the city of Woodbury; extending the period of time tax increment may be collected from certain parcels in an economic development district.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Messrs. Chmielewski and Kelly were excused from the Session of today. Mr. Mondale was excused from the Session of today at 11:20 a.m. Ms. Olson was excused from the Session of today from 10:00 to 11:00 a.m. Mr. Oliver was excused from the Session of today from 10:00 to 11:20 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:45 a.m., Wednesday, February 21, 1996. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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