

Sections 5, 9, and 10 are effective August 1, 1985. Section 6 is effective retroactively to October 1, 1984. Section 22 is effective without local approval the day following final enactment. Sections 39, 47 to 51, and 54 are effective the day following final enactment. Section 55 is effective July 1, 1986, except that paragraph (b) is effective July 1, 1985. Sections 59, 60, 61, 62, 63, and 64, are effective August 1, 1985. Sections 65 and 66 are effective January 1, 1986. Sections 78 to 88 are effective if no other law is enacted during the 1985 special session that amends these sections.

Approved June 27, 1985

CHAPTER 10 — S.F.No. 24

An act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; modifying agencies and responsibilities; providing for regulation of certain activities and practices; requiring studies, reports, plans, and fiscal notes; prescribing and providing for certain funds, accounts, bonding, taxes, fares, and fees; amending Minnesota Statutes 1984, sections 12.14; 14.131; 15.0591, subdivision 2; 15A.081, subdivisions 1 and 7; 17.717, by adding a subdivision; 17A.10, subdivision 2; 17A.11, as amended; 25.39, subdivision 4; 40.03, subdivision 1; 43A.18, subdivision 5; 60A.02, subdivision 7; 60A.10; 60A.131, subdivision 1; 60A.17, subdivision 1a; 60A.1701, subdivisions 5 and 10; 60C.08, subdivision 1; 61B.05, subdivision 1; 62A.141; 62A.146; 62A.17, subdivision 6; 62B.05; 62D.19; 62E.10, subdivision 2; 62E.12; 62E.16; 65B.03; 65B.43, by adding a subdivision; 65B.44, subdivision 4; 65B.48, subdivision 3a; 65B.49, by adding a subdivision; 65B.63, subdivision 1; 67A.25, subdivision 1; 72A.20, by adding a subdivision; 79.252, subdivision 4; 79.62; 138.94; 168.012, subdivision 1; 168.12, subdivisions 1 and 5; 174.32, subdivisions 1, 2, 3, and by adding a subdivision; 240.04, subdivision 4; 240.24, as amended; 297A.25, subdivision 1; 299A.01, subdivision 6; 352D.02, subdivision 1; 360.018, subdivision 6; 360.024; 453.51; 453.54, subdivision 15; 453.58, by adding a subdivision; 473.373, subdivisions 4 and 6; 473.375, subdivision 4, and by adding a subdivision; 473.38, subdivision 2; 473.384, subdivision 7; 473.386, subdivision 2; 473.39, subdivisions 1, 2, and by adding a subdivision; 473.404, subdivision 7; 473.405, subdivision 12; 473.408, subdivision 4, and by adding a subdivision; 473.435, subdivision 2; 473.436, subdivision 6; 473.446, subdivisions 1, 1a, 2a, and 3; 500.24, subdivision 3; 626.861, by adding a subdivision; and 626.88, subdivision 3; Laws 1985, chapter 168, section 14; chapter 290, section 14; and chapter 309, section 14; proposing coding for new law in Minnesota Statutes, chapters 3; 17; 61A; 219; 240; and 473; repealing Minnesota Statutes 1984, sections 17.717, subdivision 6; 60A.15, subdivision 14; 62A.025; 65B.49, subdivision 4, as amended; 473.373, subdivisions 2 and 7; 473.408, subdivisions 3, 3a, 3b, and 5; 473.436, subdivisions 1, 4, and 5; 473.438; 473.39, subdivision 3; 473.446, subdivision 6; and Laws 1985, chapter 241, section 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **TRANSPORTATION AND OTHER AGENCIES; APPROPRIATIONS.** The sums shown in the columns marked "APPROPRIA-

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Highway User Tax		
Distribution	\$ 100,000	
Transit Assistance	\$ 17,700,300	\$ 19,000,700
Motor Vehicle		
Transfer	\$ 860,300	868,800

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Highway Development	591,127,200	601,586,100
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Summary by Fund

M.S.A.S.	\$ 59,500,000	\$ 61,900,000
C.S.A.H.	\$182,500,000	\$189,300,000
Trunk Highway	\$348,266,900	\$349,517,300
Motor Vehicle		
Transfer	\$ 860,300	\$ 868,800

(a) Trunk Highway Development

1986	1987
\$332,603,200	\$334,209,100

Summary by Fund

Trunk Highway	\$331,742,900	\$333,340,300
Motor Vehicle		
Transfer	\$ 860,300	\$ 868,800

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

\$216,000,000	\$216,000,000
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Highway User Taxes

\$115,742,900	\$117,340,300
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The commissioner of transportation shall notify the chairman of the senate finance committee and chairman of the house appropriations committee promptly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right of way, payment

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to lessees, interest subsidies, and relocation expenses.

The commissioner of transportation shall complete the lime sludge recycling and site restoration project on I-94 in North Minneapolis with state money appropriated from the trunk highway fund in this act, to the extent that the cost of the project is not fully funded by the federal highway administration. The amount expended from all funds must not exceed \$2,300,000. The commissioner of transportation is advised to make the lime sludge available for improving the condition of the soil for agricultural purposes, wherever practical.

(b) County State Aids

\$182,500,000 \$189,300,000

This appropriation is from the county state-aid highway fund and is available until spent.

(c) Municipal State Aids

\$ 59,500,000 \$ 61,900,000

This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(d) Highway Debt Service

\$ 16,524,000 \$ 16,177,000

For transfer to the state bond fund.

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If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation shall be canceled to the trunk highway fund.

Subd. 3. Highway Operations 160,660,600 163,165,700

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Maintenance

\$108,730,700 \$110,103,400

The commissioner shall seek to obtain one-half of the money necessary to operate existing and proposed travel information centers from local units of government, other state agencies, regional agencies, or various private entities as appropriate for each center. The commissioner shall report on progress in obtaining this funding and staffing to the legislature on January 15, 1986, and January 15, 1987.

(b) Maintenance Preservation

\$ 7,382,300 \$ 7,283,900

(c) Construction Support

\$ 44,547,600 \$ 45,778,400

Subd. 4. Technical Services 37,084,600 34,970,400

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Engineering Services

\$ 24,604,400 \$ 22,380,500

(b) Engineering Development

\$ 8,092,100 \$ 8,134,500

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

\$75,000 the first year and \$75,000 the second year is for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. Expenditures from this account are subject to the approval of the commissioner of finance. Reimbursements must be deposited in the trunk highway fund. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(c) State Aid Technical Assistance

\$ 806,800 \$ 807,100

The metropolitan transportation technical advisory committee shall consider projects on the Great River Road system as a high priority for available federal highway trust fund dollars. The committee shall report to the chairs of the house appropriations committee and the senate finance committee by January 1, 1986, on the use of available federal aid for Great River Road projects authorized for construction during 1985 and projected for construction during 1986.

The department of transportation state aid office shall consider projects on the Great River Road system as a high priority for available federal highway trust fund dollars. The state aid office shall report to the chairs of the house appropriations committee and the senate finance committee by January 1, 1986, on the use of available federal aid for Great River Road projects authorized for construction during 1985 and projected for construction during 1986.

Copies of these reports shall also be forwarded to the Mississippi River parkway commission.

(d) Electronic Communications

\$ 2,129,800 \$ 2,196,100

(e) Environmental Services

\$ 1,451,500 \$ 1,452,200

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. Public Transportation Assistance 27,851,200 28,745,500

Summary by Fund

General	\$ 9,941,400	\$ 9,534,500
Transit Assistance	\$ 17,700,300	\$ 19,000,700
Trunk Highway	\$ 209,500	\$ 210,300

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Nonmetropolitan Transit Assistance

\$ 5,121,100 \$ 5,325,900

Summary by Fund

General	\$ 2,580,800	\$ 2,525,200
Transit Assistance	\$ 2,540,300	\$ 2,800,700

The unobligated portion of the transit assistance fund made available by the appropriation in Laws 1984, chapter 654, article 3, section 1, clause (i), for recipients outside the metropolitan area does not cancel on June 30, 1985, and is available for transit assistance during the period ending June 30, 1987.

(b) Metropolitan Transit Assistance

\$ 22,164,600 \$ 22,851,200

Summary by Fund

General	\$ 7,004,600	\$ 6,651,200
Transit Assistance	\$ 15,160,000	\$ 16,200,000

No more than \$1,750,000 may be spent by or under contract with the regional transit board on transit needs assessment, planning, and preliminary engineering for the metropolitan area. The needs assessment shall determine the size and location of transit markets; the mobility, income, and other characteristics of the transit users; and the cost of alternatives to using transit, including parking. The assessment may consider any mode of transit or vehicle system to

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accommodate transit users. Estimates of cost for the total of all modes and vehicle systems and alternative ways of financing shall be prepared as part of the assessment report.

No more than \$1,080,000 the first year and \$1,085,000 the second year may be used for regional transit board administration.

At least \$11,000,000 must be spent for metro mobility service during the biennium ending June 30, 1987.

This appropriation is for payment to the regional transit board. Notwithstanding Laws 1984, chapter 654, article 3, sections 63, 66 to 72, 153, subdivision 1, and 154, the commissioner may use as much as may be needed to enter into and administer contracts after June 30, 1985, under Minnesota Statutes, sections 174.23, 174.24, 174.265, and 174.31 for financial assistance during calendar year 1986 to providers of transit in the metropolitan area, until the regional transit board has certified its readiness to assume existing contracts of the commissioner under Minnesota Statutes, sections 473.384, 473.386, and 473.388.

Money paid to the regional transit board is for expenditure by the board as prescribed in the schedules required by Minnesota Statutes, section 473.377, subdivision 2, clauses (e), (f), and (g), to be contained in the board's approved three-year interim transit service implementation and financing plan.

By October 1, 1985, the regional transit board shall submit to the chair of the house appropriations committee and the chair of the senate finance committee a detailed financial plan for the period ending December 31, 1987. The plan must meet the requirements of Minnesota Statutes, section 473.377, subdivision 3. The plan must contain, specifically: (1) proposed budgets, contract terms, and plans for expenditures for the jobseekers program and the program for transit dependent groups established by this act; (2) progress to date and plans for the development of projects under Minnesota

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Statutes, sections 473.382, 473.384, and 473.387; (3) a detailed schedule of public expenditures and recipients for private operator assistance, metro mobility, rural and urban systems, and the transit replacement service program administered under Minnesota Statutes, section 473.388; and (4) a schedule of fares planned by the board, including the dates of any changes and the revenue effects.

The chair of the regional transit board shall submit to the chairs of the house appropriations and local and urban affairs committees and the senate transportation and finance committees, for their review and comment, any changes in the schedules in the board's three-year interim transit service implementation and financing plan, if the changes alter the distribution or use prescribed by the schedules of the money paid under this section. The changes must be submitted for review at least 30 days before adoption by the board. Comments are advisory only.

The net amount due to the general fund of \$3,566,300, as a result of agreement numbers 59677, 58917, 59676, 60771, 58671, 60143, and 58812 between the metropolitan transit commission and the department of transportation, is canceled.

(c) Transit Administration

\$ 565,500 \$ 568,400

Summary by Fund

General	\$ 356,000	\$ 358,100
Trunk Highway	\$ 209,500	\$ 210,300

Subd. 6. Program Management	6,046,300	5,970,000
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Summary by Fund

General	\$ 307,100	\$ 308,200
Trunk Highway	\$ 5,639,200	\$ 5,661,800
Highway User Tax Distribution	\$ 100,000	

The amounts that may be spent from this appropriation for each activity are as follows:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) Highway Programs

\$ 1,650,100	\$ 1,552,900
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Summary by Fund

General	\$ 75,500	\$ 75,800
Trunk Highway	\$ 1,474,600	\$ 1,477,100
Highway User Tax Distribution	\$ 100,000	

\$100,000 the first year is for a highway jurisdiction study as provided for in this act.

\$225,000 the first year and \$225,000 the second year is available for grants to regional development commissions outside the seven-county metropolitan area for transportation studies to identify critical concerns, problems, and issues.

(b) Motor Carrier Safety and Compliance

\$ 957,200	\$ 962,200
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(c) Railroads and Waterways

\$ 849,000	\$ 852,700
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Summary by Fund

General	\$ 231,600	\$ 232,400
Trunk Highway	\$ 617,400	\$ 620,300

(d) Transportation Information and Support

\$ 2,590,000	\$ 2,602,200
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Subd. 7. General Support	25,300,500	22,885,600
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Summary by Fund

General	\$ 43,000	\$ 43,800
Airports	\$ 160,900	\$ 121,700
Trunk Highway	\$ 25,096,600	\$ 22,720,100

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Finance and Administration

\$ 7,559,800	\$ 7,471,000
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(b) General Services

\$ 6,120,800	\$ 5,707,600
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Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Summary by Fund

General	\$ 38,500	\$ 39,000
Airports	\$ 60,300	\$ 60,900
Trunk Highway	\$ 6,022,000	\$ 5,607,700

If an appropriation in this section for data processing development for either year is insufficient, the appropriation for the other year is available for it.

(c) Equipment

\$ 10,656,200 \$ 8,718,800

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General	\$ 4,500	\$ 4,800
Airports	\$ 100,600	\$ 60,800
Trunk Highway	\$ 10,551,100	\$ 8,653,200

The commissioner may enter into agreements to lease-purchase equipment only after presenting a report detailing all the equipment and the terms of the agreements to the chairs of the house appropriations committee and the senate finance committee. The commissioner may not spend any money unless the chairs have made their recommendations. Recommendations are advisory only.

(d) Legal Services

\$ 963,700 \$ 988,200

This appropriation is for the purchase of legal services from or through the attorney general.

Subd. 8. Aeronautics 12,014,200 11,324,200

Summary by fund

General	\$ 1,000,000	\$ 1,000,000
Airports	\$ 11,014,200	\$ 10,324,200

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aeronautics Operations

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

\$ 2,006,900 \$ 1,997,300

Summary by fund

General	\$ 1,000,000	\$ 1,000,000
Airports	\$ 1,006,900	\$ 997,300

\$1,000,000 the first year and \$1,000,000 the second year is from the general fund to gather and disseminate weather information to both pilots and the general public. This appropriation is available only to the extent that estimated receipts to the general sales taxes paid on the sale of aircraft for each year exceed the normal amount. By September 30, 1985 and 1986, the commissioners of finance and revenue shall prepare revenue forecasts of normal aircraft sales tax collections based upon historical information and adjusted for any changes in sales tax rates. By January 31, 1986 and 1987, the commissioner of finance shall determine the actual sales tax collected and the remaining estimated collections for the balance of the fiscal year. The commissioner of finance shall allow the budgeting and obligation of any amounts collected and estimated for each year that are above the forecast of normal historical collections, up to the amount appropriated.

\$65,000 the first year and \$65,000 the second year is for the civil air patrol. For the biennium ending June 30, 1987, the aeronautics division must provide administrative, fiscal, and personnel services to the civil air patrol.

\$10,000 the first year is for a grant to the Minnesota historical society to support the research and writing of a Minnesota aviation history book.

(b) Aeronautics Development and Assistance

\$ 9,365,600 \$ 9,285,600

\$1,014,800 the first year and \$1,021,900 the second year is for navigational aids.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

\$5,545,700 the first year and \$5,568,800 the second year is for airport construction grants.

\$1,617,000 the first year and \$1,617,000 the second year is for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for aeronautics development and assistance with the approval of the governor after consultation with the legislative advisory commission.

\$7,700 the first year and \$8,000 the second year is for maintenance of the Pine Creek Airport.

\$60,000 the first year is to support paving the apron and connecting taxiway at the Pine Creek Airport, to be available until expended.

(c) Air Transportation Services

\$ 641,700 \$ 41,300

\$123,300 the first year and \$124,500 the second year is for transfer from the state airports fund to the air transportation services account for pilot salaries.

\$600,000 of the unencumbered balance in the hangar construction revolving account is canceled to the state airports fund, to purchase an aircraft.

The commissioner of transportation shall not expend money for pilot uniforms.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

During the biennium ending June 30, 1987, the commissioner of transportation shall continue the position of state air dispatcher.

Subd. 9. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for trunk highway development. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 10. Contingent Appropriations

(a) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the state airports fund to an appropriation for state airports purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the state airports fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

(b) The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation for trunk highway purposes in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

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Sec. 3. TRANSPORTATION		
REGULATION BOARD	465,400	470,400
Approved Complement - 8		

This appropriation is from the trunk highway fund.

Sec. 4. PUBLIC SAFETY

Subdivision 1. Total

Appropriation	78,723,900	75,672,200
	1986	1987
Approved Complement -	1,666.4	1,666.4
General -	354.2	354.2
Special -	1.0	1.0
Trunk Highway -	1,059.3	1,059.3
Highway User -	177.6	177.6
Federal -	40.3	40.3
Internal Service -	34.0	34.0

The above approved complement includes 511 for state-funded, unclassified patrol officers and supervisors of the state patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

No new state patrol supervisory positions may be established, with the exception of special duty assigned ranks for the length of assignment only.

Summary by Fund

General	\$ 17,513,400	\$ 17,693,000
Trunk Highway	\$ 48,766,800	\$ 47,578,000
Highway User	\$ 12,443,700	\$ 10,401,200

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration and Related Services

\$ 2,892,400	\$ 2,869,500
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Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Summary by Fund

General	\$ 65,700	\$ 52,500
Trunk Highway	\$ 2,826,700	\$ 2,817,000

Film rental fees shall be set by rule at rates determined so as to collect \$40,000 the first year and \$40,000 the second year of the biennium.

Subd. 3. Emergency Services

\$ 752,800	\$ 745,000
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\$253,300 the first year and \$244,700 the second year is for nuclear plant preparedness. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 4. Criminal Apprehension

\$ 10,309,900	\$ 10,125,000
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Summary by Fund

General	\$ 9,303,100	\$ 9,422,100
Trunk Highway	\$ 1,006,800	\$ 702,900

\$221,300 the first year and \$223,300 the second year is for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$63,900 the first year and \$64,100 the second year is for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.

\$171,000 the first year and \$171,000 the second year is for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$38,000 the first year and \$38,000 the second year is for reimbursing political subdivi-

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sions for training peace officers and fire-fighters in the conduct of arson investigations.

Any unliquidated balance of data processing development money remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 5. Fire Safety

\$ 1,635,800 \$ 1,652,100

\$12,300 the first year and \$12,400 the second year is for reimbursing political subdivisions who enter into agreements to perform uniform fire code inspections.

Subd. 6. State Patrol

\$ 33,100,500 \$ 32,108,800

This appropriation is from the trunk highway fund.

\$1,200,000 the first year is to purchase mobile repeater units for state patrol trooper vehicles throughout the state.

The commissioner may assign up to 11 pilots to the air patrolling of highways.

This appropriation provides sufficient money to operate the mobile truck-weighing program on a 12-month basis.

No more than five positions in the state patrol support activity may be filled by state troopers.

The commissioner may not require the use of gasohol in the operation of state patrol vehicles.

Subd. 7. Capitol Security

\$ 349,000 \$ 349,400

This appropriation is for executive protection and is from the general fund.

Subd. 8. Driver and Vehicle Licensing

\$ 28,249,900 \$ 26,328,000

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Summary by Fund

General	\$ 3,973,400	\$ 3,977,500
Trunk Highway	\$ 11,832,800	\$ 11,949,300
Highway User	\$ 12,443,700	\$ 10,401,200

\$500,000 the first year and \$500,000 the second year is for alcohol assessment reimbursements to counties.

\$4,491,400 the first year and \$2,301,800 the second year are for the manufacture of six-year plates. The appropriation for this activity is from the highway user fund. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Any unliquidated balance of data processing development money remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 9. Liquor Control

\$ 644,200	\$ 638,500
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During the biennium ending June 30, 1987, the liquor control program must concentrate its activities along the border areas of Minnesota.

Subd. 10. Ancillary Services

\$ 789,400	\$ 855,900
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\$729,400 the first year and \$794,800 the second year is for the crime victims reparations board. Any unencumbered balance remaining the first year does not cancel but is available for the second year of the biennium.

\$60,000 the first year and \$61,100 the second year is for the expenses of the Private Detective and Protective Agency Licensing Board.

The commissioner may enter into agreements to lease-purchase equipment only after presenting a report detailing all the equipment and the terms of the agreements to the chairs of the house appropriations committee and the senate finance commit-

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tee. The commissioner may not spend any money unless the chairs have made their recommendations. Recommendations are advisory only.

Subd. 11. Transfers

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs within a fund. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 12. Reimbursements

(a) \$449,900 for the first year and \$449,100 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1986 and January 1, 1987 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$417,700 for the first year and \$416,000 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1986 and January 1, 1987 respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.

(c) \$385,200 for the first year and \$389,100 for the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1986 and January 1, 1987 respectively, in order to reimburse the general fund for expenses not related to the fund. These represent

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amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Sec. 5. AGRICULTURE

Subdivision 1. Total

Appropriation	16,233,200	16,537,300
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Approved Complement - 487.8

General - 255.3

Special/Revolving - 216.5

Federal - 16

Summary by Fund

General	\$ 16,040,800	\$ 16,338,700
Special	\$ 192,400	\$ 198,600

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Agricultural Protection Service

\$ 4,056,700	\$ 4,043,500
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\$20,000 the first year is for the establishment of an apiary inspection program to locate and eradicate tracheal mite infestations. The commissioner is authorized to employ seasonal apiary inspectors for this purpose. Any unencumbered balance remaining the first year does not cancel but is available for the second year of the biennium.

Subd. 3. Agricultural Promotion Service

\$ 4,234,200	\$ 4,507,600
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Summary by Fund

General	\$ 4,041,800	\$ 4,309,000
Special	\$ 192,400	\$ 198,600

\$192,400 the first year and \$198,600 the second year is from the commodities research and promotion account in the special revenue fund.

\$250,000 the first year and \$250,000 the second year is for the agriculture development grant program to be expended in ac-

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

cordance with Minnesota Statutes, section 17.101. The commissioner shall submit a work program and semiannual progress reports to the chairman of the senate finance committee and the chairman of the house appropriations committee.

\$4,000,000 in fiscal year 1985 is for transfer to the family farm security account in the special revenue fund created by Minnesota Statutes, section 41.61, subdivision 1, for the purpose of paying lenders for defaulted loans.

\$2,891,200 the first year and \$3,164,600 the second year is for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Up to 20 new loans may be approved in fiscal year 1986. Up to 48 new loans may be approved in fiscal year 1987.

\$70,500 the first year and \$71,000 the second year is for the farm crisis assistance program. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. Administration and Financial Aids Service

\$ 2,913,300 \$ 2,926,200

The appropriation for administration and financial aids service includes the following amounts for grants to agricultural societies and associations:

(a) For aid to the northeastern Minnesota junior livestock show association

\$ 1,200 \$ 1,200

(b) For aid to Minnesota livestock breeders association

\$ 19,200 \$ 19,200

(c) For aid to northern sheep growers associations

\$ 1,000 \$ 1,000

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(d) For aid to southern sheep growers associations

\$ 400 \$ 400

(e) For Red River valley livestock associations

\$ 6,000 \$ 6,000

The amount appropriated by clause (e) must be spent under Minnesota Statutes, section 38.02.

(f) For the Red River Valley Dairymen's Association, Inc., for the purpose of promoting better dairying

\$ 1,200 \$ 1,200

Clauses (b), (c), (d), (e), and (f) must be spent under Minnesota Statutes, section 17.07.

(g) Aid to county and district agricultural societies

\$ 257,600 \$ 257,600

Of the amount appropriated by clause (g), \$3,800 each year is for livestock premiums to county fair associations for carrying on boys' and girls' club work. The amount appropriated by clause (g) must be spent under Minnesota Statutes, section 38.02.

Of the amounts appropriated by clause (g), \$900 each year is available for agricultural aid to the Red Lake Band of Chippewa Indians, to be spent as may be directed by the Indian council for the purpose of encouraging activities and arts that will advance the economic and social interest of their people and particularly to promote a program of agricultural development that will utilize to the greatest possible extent the lands and forest owned by them. This appropriation may be used to help maintain an agricultural extension service, to promote 4-H club work, or for premiums for the competitive display of exhibits at any fair or exposition that may be arranged under the direction of the council.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(h) For aid in payment of premiums at exhibitions of poultry for the poultry associations

\$ 2,800 \$ 2,800

Of the amounts appropriated by clause (h), \$827 must be allotted each fiscal year to aid the Minnesota state poultry association in the payment of premiums and other necessary expenses, exclusive of salaries or wages of any kind, at its annual exhibition.

\$75,000 the first year and \$75,000 the second year is for a grant to the Northern Crops Institute.

\$30,500 the first year and \$30,900 the second year is for payment of claims relating to livestock damaged by endangered animal species.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The unexpended balance appropriated for milk for manufacturing investment reimbursements in Laws 1983, chapter 232, section 3, subdivision 1, does not cancel and is reappropriated to the commissioner and added to other appropriations for the biennium ending June 30, 1987, to develop and implement the pilot county agricultural land preservation program authorized by Laws 1984, chapter 654.

Subd. 5. Soil and Water Conservation Board

\$ 3,461,900 \$ 3,483,900

\$644,500 the first year and \$664,200 the second year is for general purpose grants in aid to soil and water conservation districts.

\$152,300 the first year and \$152,300 the second year is for grants to districts for technical assistance, education, and demonstrations of conservation tillage.

\$198,500 the first year and \$198,500 the second year is for grants to watershed districts and other local units of government in

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

the southern Minnesota river basin study area 2 for flood plain management.

\$1,541,400 the first year and \$1,541,400 the second year is for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management.

The appropriations in this section for the southern Minnesota river basin study area 2 and for grants to soil and water districts for cost-sharing contracts for erosion control and water quality management are available until expended.

\$158,700 the first year and \$158,700 the second year is for grants in aid to soil and water conservation districts and local units of government to assist them in solving sediment and erosion control problems. Grants must not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority must be given to projects designed to solve lake-shore, stream bank, and roadside erosion and to projects eligible for federal matching money.

\$12,400 the first year and \$12,400 the second year is for grants to soil and water conservation districts for review and comment on water permits.

The commissioner of agriculture shall establish and coordinate an interim study group to examine the options available for consolidating the functions and responsibilities of the soil and water conservation board, water resources board, and southern Minnesota rivers basin council under a single entity. The study group shall include: representatives of the affected agencies; staff assigned by the senate agriculture and natural resources committee, house environment and natural resources committee, and house agriculture committee; and such other representatives as the commissioner considers necessary. The commissioner shall report to the legislature on October 15, 1985, on the options examined and the recommended course of action.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 6. Transfers

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Subd. 7. International Trade

\$ 1,567,100	\$ 1,576,100
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Sec. 6. BOARD OF ANIMAL HEALTH

1,468,100	1,471,400
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Approved Complement - 36

This appropriation includes \$37,800 the first year and \$39,900 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

Sec. 7. COMMERCE

Subdivision 1. Total

Appropriation	8,311,700	8,335,900
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Approved Complement - 225

General - 222

Special - 3

Summary by Fund

General	\$ 8,084,100	\$ 8,099,800
Special	\$ 227,600	\$ 236,100

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations

\$ 2,730,000	\$ 2,733,000
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Subd. 3. Registration and Licensing

\$ 1,417,600	\$ 1,429,100
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Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Summary by Fund

General	\$ 1,190,000	\$ 1,193,000
Special	\$ 227,600	\$ 236,100

\$227,600 the first year and \$236,100 the second year is from the real estate education, research and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. Policy Analysis and Insurance

\$ 1,666,500	\$ 1,668,000
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This appropriation includes \$31,200 the first year and \$32,800 the second year for costs associated with the assigned risk plan review board.

Subd. 5. Administrative Services

\$ 1,433,600	\$ 1,440,700
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Subd. 6. Enforcement

\$ 1,064,000	\$ 1,065,100
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Subd. 7. Transfers

The commissioner with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 8. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total for this section	2,860,900	2,911,900
Subd. 2. Board of Abstractors	3,800	3,900
Subd. 3. Board of Accountancy	250,300	248,800
Approved Complement - 4		
Subd. 4. Board of Architecture, Engineering and Land Surveying	274,100	279,400
Approved Complement - 5		

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. Board of Barber Examiners	119,100	120,300
Approved Complement - 3		
Subd. 6. Board of Boxing	48,800	49,200
Approved Complement - 1.5		
Subd. 7. Board of Electricity	734,200	734,000
Approved Complement - 18		
Subd. 8. Board of Peace Officer Standards and Training		
General Operations and Management	1,430,600	1,476,300
Approved Complement - 9		
\$1,035,000 the first year and \$1,076,400 the second year is for peace officers training under Minnesota Statutes, section 626.86.		
Sec. 9. PUBLIC UTILITIES		
COMMISSION	1,321,200	1,325,200
Approved Complement - 29		

The management analysis unit of the department of administration in cooperation with the public utilities commission shall conduct a study of the purposes, statutory obligations, procedures, and the utilization of staff that affect the efficiency of the commission's operation. The study should determine the effect of statutory requirements, continued deregulation of telephone service, and alternative ways of organizing commission and staff activities including the roles of the chair and the executive director on the workload and efficient operation of the commission. A report on these issues must be completed by January 1, 1986, and submitted to the chairs of the regulated industries committees, the agriculture, transportation, and semi-state division of the house appropriations committee, and the agriculture, transportation, and semi-states subcommittee of the senate finance committee.

Sec. 10. PUBLIC SERVICE

Subdivision 1. Total

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Appropriation	3,796,400	3,838,800
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Approved Complement - 87

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Utility Regulation

\$ 1,573,000	\$ 1,578,000
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Subd. 3. Weights and Measures

\$ 1,709,000	\$ 1,744,300
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Subd. 4. Administrative Services

\$ 514,400	\$ 516,500
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The director may enter into agreements to lease-purchase equipment only after presenting a report detailing all the equipment and the terms of the agreements to the chairs of the house appropriations committee and the senate finance committee. The director may not spend any money unless the chairs have made their recommendations. Recommendations are advisory only.

Subd. 5. Transfers

The department of public service, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers must be reported immediately to the committee on finance of the senate and the committee on appropriations in the house of representatives.

Sec. 11. RACING COMMISSION	874,400	780,500
Approved Complement - 8		
Sec. 12. CHARITABLE GAM- BLING CONTROL BOARD	500,000	500,000
Approved Complement - 12		
Sec. 13. ETHICAL PRACTICES BOARD	198,500	200,000
Approved Complement - 5		
Sec. 14. MINNESOTA MUNICI- PAL BOARD	214,400	216,600

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Approved Complement - 4

Sec. 15. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	72,900	76,800
Sec. 16. UNIFORM LAWS COMMISSION	10,700	13,600
Sec. 17. VOYAGEURS NATIONAL PARK CITIZENS COMMITTEE	56,200	57,700
Sec. 18. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total		
Appropriation	9,148,900	9,221,700

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Minnesota Historical Society Operations	8,321,500	8,440,900
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\$75,000 the second year is for design and construction of exhibits for use in the state history center and is available only upon legislative authorization of a state history center.

No more than \$350,000 the first year and \$350,000 the second year may be paid to the department of administration for plant management services.

This appropriation includes money for a seven-day-a-week tour program in the capitol and historical buildings. The historical building must remain open for public use on Saturdays. If necessary, the Minnesota historical society may adjust the remainder of the weekday schedule.

The Minnesota historical society shall make available at least 20 hours a week of employment as a tour guide to one person who is blind.

Any unencumbered balance remaining at the end of the first year must be returned to the state treasury and credited to the general fund.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The appropriation in this subdivision includes no money for compensation increases. The Minnesota historical society is eligible for a salary supplement in the same manner as other state agencies. The commissioner of finance will determine the amount of the salary supplement based on available funds. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.

The historical society shall report to the chairs of the senate finance committee and the house appropriations committee by January 1, 1986, concerning the number and location of site visits and film inspections made in accordance with Minnesota Statutes, section 15.17.

Subd. 3. Repair and Betterment	324,300	324,300
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\$124,300 the first year and \$124,300 the second year is for constructing exhibits, audio visual materials, and interpretive films at historic sites statewide.

Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 4. Historic Grant-In-Aid	345,400	348,400
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(a) Historic Preservation

\$ 252,900		\$ 252,900
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For historic site grants to encourage local historic preservation projects.

To be eligible for a grant, a county or local project group must provide a 50 percent match, in accordance with the historical society's guidelines.

Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

(b) Archaeology

\$ 26,500		\$ 26,500
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(c) Government Learning Center

\$ 66,000		\$ 69,000
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Changes or additions are indicated by underline, deletions by ~~strikeout~~.

This appropriation is for Project 120.

Subd. 5. Fiscal Agent	157,700	108,100
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(a) Sibley House Association

\$ 57,600	\$ 58,000
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This appropriation is available for operation and maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House association.

The historical society should seek an agreement with the Sibley House association whereby the historical society will make payments to the association for this purpose and will provide the association with technical assistance in applying for federal grants.

Notwithstanding any other law, the Sibley House association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

(b) Minnesota Humanities Commission

\$ 32,100	\$ 32,100
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(c) Minnesota International Center

\$ 18,000	\$ 18,000
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(d) Camp Ripley Military Museum

\$ 30,000

(e) Minnesota Air National Guard Museum

\$ 20,000

(f) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 19. BOARD OF THE ARTS	2,747,400	2,747,400
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Approved Complement - 13

General - 10

Federal - 3

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Administrative Services

\$ 370,000	\$ 370,000
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(b) Subsidies and Grants

\$ 2,377,400	\$ 2,377,400
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\$93,800 the first year and \$93,800 the second year is for individual artist grants. The board of the arts shall report to the chairman of the senate finance committee and the chairman of the house appropriations committee by January 1, 1986, concerning its success at obtaining money from federal, private, and other sources to match state money appropriated for individual artists grants.

\$77,400 the first year and \$77,400 the second year is for arts in education.

\$889,100 the first year and \$889,100 the second year is for the support of regional arts councils throughout the state.

(c) Balances Forward

Any unencumbered balance remaining in (a) or (b) the first year does not cancel but is available for the second year of the biennium.

Sec. 20. MINNESOTA HUMANE SOCIETY	48,000	
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State money must not be spent for the care, feeding, housing, or disposal of animals.

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Sec. 21. MINNESOTA HORTICULTURAL SOCIETY	67,900	67,900
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Sec. 22. MINNESOTA ACADEMY OF SCIENCE	20,500	20,600
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Sec. 23. SCIENCE MUSEUM OF MINNESOTA	409,500	432,600
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Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 24. MINNESOTA SAFETY COUNCIL	50,700	50,700
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This appropriation is from the trunk highway fund.

Sec. 25. DISABLED AMERICAN VETERANS	25,000	25,000
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For salaries, supplies, and expenses, to be spent as provided by Laws 1941, chapter 425.

Sec. 26. VETERANS OF FOREIGN WARS	30,000	30,000
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For carrying out the provisions of Laws 1945, chapter 455.

Sec. 27. GENERAL CONTINGENT ACCOUNTS	650,000	650,000
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The appropriations in this section must be expended with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

Trunk Highway Fund

\$ 400,000	\$ 400,000
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Highway User Tax Distribution Fund

\$ 250,000	\$ 250,000
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Sec. 28. TORT CLAIMS	600,000	600,000
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To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 29. [174.031] JURISDICTION STUDIES.

Subdivision 1. STUDIES DIRECTED. The commissioner of transportation shall establish and direct a series of highway jurisdiction studies at the

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regional and multicounty level. The studies must be so designed and conducted as to constitute a comprehensive review in each development region, as designated under Minnesota Statutes, section 462.385, of the existing ownership of all roads and proposed changes in jurisdiction of those roads.

Subd. 2. STUDY GUIDELINES. (a) The commissioner shall establish guidelines for the studies. The guidelines must require that recommended jurisdictional changes in each study be based on functional classification as modified by other factors, which must include: level and type of commodities moved, service to economic centers, load-bearing capacity, service to state and local institutions, tourism function, constitutional status, and other factors the commissioner deems necessary. The guidelines must provide criteria for estimating the changes in financial obligations that will accompany each transfer of mileage under the jurisdiction proposals produced by the studies. The guidelines must include requirements for extensive consultation by the entities performing the studies with officials of affected counties, cities, and towns and requirements for public hearings on the completed jurisdiction proposals resulting from the studies. The guidelines are not subject to the administrative procedure act and must be completed by July 30, 1985.

(b) To assist in formulating the guidelines, the commissioner shall appoint an advisory committee, to serve without compensation and to represent county, city, and town governments.

Subd. 3. STUDIES COMMISSIONED. (a) On and after August 1, 1985, the commissioner shall enter into agreements with regional development commissions by which the commissions will conduct studies of highway jurisdiction in each region. The studies must include:

- (1) the jurisdiction of each road in the region;
- (2) criteria for changes in jurisdiction, based on the commissioner's guidelines;
- (3) jurisdictional changes actually made since January 1, 1985;
- (4) recommended changes in jurisdiction based on the criteria;
- (5) changes in financial obligations resulting from the recommended jurisdictional change, based on the commissioner's guidelines;
- (6) estimated effects of the recommended jurisdictional changes on highway staffing needs of each level of government in the region; and
- (7) estimated effects of the recommended jurisdictional changes on law enforcement on the affected roads.

(b) In development regions where no regional development commission is functioning, or where a regional development commission declines to enter into an agreement to perform a jurisdiction study, the jurisdiction study must be

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organized by a district office of the department of transportation as designated by the commissioner. A district office so designated must act through the counties in the development region and through other public agencies the commissioner directs. For purposes of this section the metropolitan council is a regional development commission.

(c) The agreements must provide that each entity undertaking a study under this subdivision must produce and present to the commissioner, not later than July 31, 1987, a jurisdiction proposal for the region. Each jurisdiction proposal must identify each instance where a proposed jurisdictional change is based on a factor that deviates from the commissioner's guidelines and explain the reasons for each deviation.

(d) The commissioner shall pay not more than two-thirds of the cost of each study.

Subd. 4. STATE JURISDICTION PLAN. (a) Using the jurisdiction proposals presented under subdivision 3, the commissioner shall present, not later than March 1, 1988, to the legislature a statewide highway jurisdiction plan. The plan must include:

(1) a compilation of all highway jurisdictional changes actually made at all levels of government since January 1, 1985;

(2) all future jurisdictional changes recommended in the jurisdiction proposals and approved by the commissioner;

(3) recommendations for changes in the statutory trunk highway system needed to implement the recommended jurisdictional changes;

(4) a recommendation as to the feasibility or desirability of establishing a state jurisdictional transfer fund, including if this fund is recommended, recommendations on control over the fund, on amount of money made available to the fund, on highway costs to be included in transfer payments made from the fund, and on sources of revenue for the fund; and

(5) other statutory changes made necessary by the recommended jurisdictional changes.

The commissioner may recommend, as an alternative to the fund in clause (4), changes in the constitutional distribution of highway user tax revenues.

(b) No recommended jurisdictional change in the plan may require the upgrading of a road prior to a transfer as a prerequisite for the transfer unless the upgrading is agreed to by the affected units of government.

Subd. 5. REPORTS. The commissioner shall report to the chairs of the committees on transportation of the senate and of the house of representatives on the progress of activities under this section, on or before August 1, 1985, and at least once every six months thereafter, until February 1, 1988.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 30. FARES; PLANS; REPORT.

The regional transit board shall prepare, as part of the implementation plan required by section 473.377, a statement of the policies that will govern the imposition of user charges for various types of transit service and the policies that will govern decisions by the board to increase or change fares. Following review by the council under section 473.377, the board shall submit the plan to the 1987 session of the legislature, along with its three-year financial plan. The three-year financial plan must contain schedules of user charges and changes in user charges required to implement the plan. During the period beginning January 1, 1985, and ending January 1, 1988, total revenue from fares for all regular route service must produce annually not less than 35 percent of total operating costs for that service. During this period, whenever the board's current financial plan shows, for any calendar year, that total revenue from fares for all regular route service is expected to be less than 35 percent of total operating cost for that service, the board shall amend its fare policies to require a change in fares that will bring fare revenue for that year into conformance with this section.

Sec. 31. HORSE MEDICATION EMERGENCY RULES; EFFECTIVE DATE.

The emergency rules proposed by the Minnesota racing commission pursuant to Laws 1985, chapter 211, and published in the State Register, volume 9, number 50, June 10, 1985, are effective on that date without further administrative action. These emergency rules expire on the date that emergency rules adopted by the commission under the administrative procedure act are effective.

Sec. 32. PROVIDING STATE-PAID INSURANCE FOR CERTAIN RETIRED EMPLOYEES.

Subdivision 1. Notwithstanding other provisions of law, employees of the livestock weighing and licensing division of the department of agriculture who are eligible for retirement under the rule of 85 and who voluntarily retire before age 65 shall be eligible for state-paid insurance coverages to which they were entitled at the time of their voluntary retirement. To be eligible under this provision, employees who were eligible to retire under the rule of 85 prior to the effective date of this section and had not retired must exercise their option to retire on or before June 28, 1985. Employees who become eligible between the effective date of this section and June 30, 1986, must exercise their option to retire within 30 days of the date they become eligible for retirement under the rule of 85. State-paid insurance coverage shall cease when the employee reaches age 65 or becomes eligible for similar paid benefits under other employment.

Subd. 2. This section is repealed June 30, 1986.

Sec. 33. HYDROELECTRIC PLANTS; ST. CLOUD AND HASTINGS.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The cities of Hastings and St. Cloud acting through their governing bodies may exercise any or all of the powers granted in Minnesota Statutes, sections 453.51 to 453.62, with respect to hydroelectric generating plants within their boundaries, whether or not electricity generated at the plants is distributed locally. The provisions of Minnesota Statutes, section 453.54, subdivision 20, shall not apply to the hydroelectric generating plants. The hydroelectric generating plants may be acquired and constructed without advertising for bids, preparing final plans and specifications in advance of construction or acquisition.

Sec. 34. **[3.981] DEFINITIONS.**

Subdivision 1. SCOPE. The terms used in sections 3.981 to 3.983 and 14.131 have the meanings given them in this section.

Subd. 2. COSTS MANDATED BY THE STATE. "Costs mandated by the state" means increased costs that a local agency or a school district is required to incur as a result of:

(a) a law enacted after June 30, 1985, which mandates a new program or an increased level of service of an existing program;

(b) an executive order issued after June 30, 1985, which mandates a new program;

(c) an executive order issued after June 30, 1985, which implements or interprets a state statute and, by this implementation or interpretation, increases program levels above the levels required before July 1, 1985;

(d) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a federal statute or regulation and, by this implementation or interpretation, increases program or service levels above the levels required by this federal statute or regulation;

(e) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by this implementation or interpretation, increases program or service levels above the levels required by the ballot measure;

(f) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which removes an option previously available to local agencies and thus increases program or service levels or prohibits a specific activity and so forces local agencies to use a more costly alternative to provide a mandated program or service;

(g) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(h) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which adds new requirements to an existing optional program or service and thus increases the cost of the program or service as the local agencies have no reasonable alternatives other than to continue the optional program;

(i) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which creates new revenue losses stemming from new property or sales and use tax exemptions; or

(j) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires costs previously incurred at local option that have subsequently been mandated by the state.

Subd. 3. EXECUTIVE ORDER. "Executive order" means an order, plan, requirement, or rule issued by the governor, an official serving at the pleasure of the governor, or an agency, department, board, or commission of state government. "Executive order" does not include an order, plan, requirement, or rule issued by a regional water quality control board.

Subd. 4. LOCAL AGENCY. "Local agency" means a home rule charter or statutory city, county, town, or special district.

Subd. 5. MANDATE. A "mandate" means a requirement which applies to a local agency or school district and which, if not complied with, results in civil liability, criminal penalty, substantial economic sanction such as loss of funding, or severe administrative sanctions such as closure or nonlicensure of a facility or program. "To mandate" means to impose such a requirement.

Subd. 6. REQUIRING AN INCREASED LEVEL OF SERVICE. "Requiring an increased level of service" includes requiring that an existing service be provided in a shorter time.

Subd. 7. RULE. "Rule" means a rule, order, or standard of general application adopted by a state agency to implement, interpret, or make specific the law it enforces or administers or to govern its procedure. "Rule" includes an amendment to a rule. "Rule" does not include rules that relate only to the internal management of a state agency.

Subd. 8. SAVINGS. "Savings" includes budget reductions and the freeing of staff or resources to be reassigned to a local agency's or school district's other areas of concern.

Subd. 9. SCHOOL DISTRICT. "School district" includes school districts, community college districts, and county superintendents of schools.

Sec. 35. [3.982] FISCAL NOTES FOR STATE-MANDATED ACTIONS.

When the state proposes to mandate that a local agency or school district take an action, and when reasonable compliance with that action would force the

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local agency or school district to incur costs mandated by the state, a fiscal note shall be prepared as provided in section 3.98, subdivision 2 and shall be made available to the public upon request. If the action is among the exceptions listed in section 3.983, a fiscal note need not be prepared.

When a bill proposing a mandate is introduced and referred to a standing committee, the chairman of the standing committee to which the bill is referred shall request the appropriate state agency or department to prepare a fiscal note before the bill is heard in the committee. Before a proposed mandate is issued in an executive order, the governor or appropriate agency head assigned by the governor shall prepare the fiscal note and make it available to the public.

Sec. 36. [3.983] EXCEPTIONS TO FISCAL NOTES.

Subdivision 1. COSTS RESULTING FROM INFLATION. A fiscal note need not be prepared for increases in the cost of providing an existing service if the increases result directly from inflation. "Resulting directly from inflation" means attributable to maintaining an existing level of service rather than increasing the level of service. A cost-of-living increase in welfare benefits is an example of a cost resulting directly from inflation.

Subd. 2. COSTS NOT RESULT OF NEW PROGRAM OR INCREASED SERVICE. A fiscal note need not be prepared for increased local costs that do not result from a new program or an increased level of service.

Subd. 3. MISCELLANEOUS EXCEPTIONS. A fiscal note need not be prepared for the cost of a mandated action if the law containing the mandate:

- (a) accommodates a specific local request;
- (b) results in no new local government duties;
- (c) leads to revenue losses from exemptions to taxes other than sales, use, or property taxes;
- (d) provides only clarifying or conforming, nonsubstantive changes on local government;
- (e) imposes additional net local costs which are minor (less than \$200 for any single local government if the mandate does not apply statewide or less than one-tenth of a mill times the entire value of taxable property in the state if the mandate is statewide) and do not cause a financial burden on local government;
- (f) is a legislative mandate or executive order enacted before July 1, 1985, or a regulation initially implementing legislation enacted before July 1, 1985;
- (g) implements something other than a state statute or executive order, such as a federal, court, or voter-approved mandate;
- (h) appears in rules that are permissive or discretionary in nature;

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- (i) defines a new crime or redefines an existing crime or infraction;
 (j) provides, or falls within the purview of existing, revenue sources or other financing mechanisms; or
 (k) results in savings that equal or exceed costs.

Sec. 37. Minnesota Statutes 1984, section 12.14, is amended to read:

12.14 ASSESSMENT FOR NUCLEAR SAFETY PREPAREDNESS ACT.

Any person, firm, corporation or association in the business of owning or operating a nuclear fission electrical generating plant located in Minnesota, shall pay an assessment to cover the cost of nuclear power plant emergency response plans and other programs necessary to deal with incidents resulting from the operation of nuclear fission electrical generating plants. An assessment of \$100,000 \$75,000 per plant shall be paid to the commissioner of public safety on July 1 of each year.

Sec. 38. Minnesota Statutes 1984, section 14.131, is amended to read:

14.131 STATEMENT OF NEED AND REASONABLENESS.

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule and a fiscal note if required by section 3.982. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge.

Sec. 39. Minnesota Statutes 1984, section 15.0591, subdivision 2, is amended to read:

Subd. 2. **BODIES AFFECTED.** A member meeting the qualifications in subdivision 1 shall be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) board for community colleges;
- (5) board of examiners for nursing home administrators;
- (6) board on aging;
- (7) cable communications board;
- (8) chiropractic examiners board;

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- (9) consumer advisory council on vocational rehabilitation;
- (10) council for the handicapped;
- (11) council on affairs of Spanish-speaking people;
- (12) council on black Minnesotans;
- (13) dentistry board;
- (14) department of economic security advisory council;
- (15) higher education coordinating board;
- (16) housing finance agency;
- (17) Indian advisory council on chemical dependency;
- (18) medical examiners board;
- (19) medical policy directional task force on mental health;
- (20) ~~metropolitan transit commission or its successor;~~
- (21) Minnesota emergency employment development task force;
- ~~(22)~~ (21) Minnesota office of volunteer services advisory committee;
- ~~(23)~~ (22) Minnesota state arts board;
- ~~(24)~~ (23) mortuary sciences advisory council;
- ~~(25)~~ (24) nursing board;
- ~~(26)~~ (25) optometry board;
- ~~(27)~~ (26) pharmacy board;
- ~~(28)~~ (27) physical therapists council;
- ~~(29)~~ (28) podiatry board;
- ~~(30)~~ (29) psychology board;
- ~~(31)~~ (30) veterans advisory committee.

Sec. 40. Minnesota Statutes 1984, section 15A.081, subdivision 1, is amended to read:

15A.081 SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

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	Salary Range Effective July 1, 1983
Commissioner of education; Commissioner of finance; Commissioner of transportation; Commissioner of human services; Chancellor, community college system; Chancellor, state university system; Director, vocational technical education Executive director, state board of investment;	\$57,500-\$70,000
Commissioner of administration; Commissioner of agriculture; Commissioner of commerce; Commissioner of corrections; Commissioner of economic security; Commissioner of employce relations; Commissioner of energy and economic development; Commissioner of health; Commissioner of labor and industry; Commissioner of natural resources; Commissioner of revenue; Commissioner of public safety; Chairperson, waste management board Chief administrative law judge; office of administrative hearings; Director, pollution control agency; Director, state planning agency; Executive director, higher education coordinating board; Executive director, housing finance agency; Executive director, teacher's retirement association; Executive director, state retirement system; <u>Chair, metropolitan council</u> <u>Chair, regional transit board</u>	\$50,000-\$60,000
Commissioner of human rights; Director, department of public service; Commissioner of veterans' affairs; Director, bureau of mediation services; Commissioner, public utilities commission; Member, transportation regulation board; Director, zoological gardens.	\$40,000-\$52,500

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Sec. 41. Minnesota Statutes 1984, section 15A.081, subdivision 7, is amended to read:

Subd. 7. **PART-TIME METROPOLITAN OFFICERS.** The following salaries are provided for officers of metropolitan agencies:

	Effective July 1 1983	Effective July 1 1984
Chairman, metropolitan council	\$47,000	50,000
Chairman, metropolitan airports commission	14,000	16,000
Chairman, metropolitan transit commission	42,000	-0-
Chairman, regional transit board	-0-	46,000
Chairman, metropolitan waste control commission	18,500	20,000

The governor shall set the salary rate within the range set forth below for the following part-time positions, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Effective July 1, 1985
<u>Chair, metropolitan airports commission</u>	\$15,000-\$25,000
<u>Chair, metropolitan waste control commission</u>	

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 42. [17.038] **STATISTICAL SERVICES ACCOUNT.**

The statistical services account is established in the state treasury. All payments for statistical services performed by the agricultural statistics division of the department of agriculture must be deposited in the state treasury and credited to the statistical services account. The money in the account is appropriated to the commissioner of agriculture to administer the programs of the agricultural statistics division.

Sec. 43. Minnesota Statutes 1984, section 17.717, is amended by adding a subdivision to read:

Subd. 1a. FERTILIZER INSPECTION ACCOUNT. A fertilizer inspection account is established in the state treasury. The commissioner shall

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deposit all fees and penalties collected under sections 17.711 to 17.729 in the fertilizer inspection account. Money in that account, including interest earned and any money appropriated for the purposes of sections 17.711 to 17.729, is annually appropriated to the commissioner for the administration and enforcement of sections 17.711 to 17.729.

Sec. 44. Minnesota Statutes 1984, section 17A.10, subdivision 2, is amended to read:

Subd. 2. **STATE LIVESTOCK WEIGHMASTERS.** The commissioner shall appoint state employees as necessary to provide state weighing service at public stockyards, packing plants, slaughtering houses, buying stations, or livestock market agencies on application from the business entity requesting official state livestock weighing. State livestock weighmasters shall weigh all livestock coming to these places for sale, keep a record of the weights, and furnish the interested parties a certificate of state weight stating the number of animals weighed and the weight of the animals. The certificate is prima facie evidence of the facts certified. An application for official state livestock weighing constitutes an agreement between the business entity requesting state weighing and the commissioner. The agreement is for one year beginning July 1 and ending the following June 30. The agreement automatically renews each year unless the average daily number of livestock weighed falls below 500 head, in which case the business entity ~~must give~~ gives the commissioner a written notice of intent to terminate at least ~~90~~ 360 days prior to July 1. Otherwise the commissioner shall continue to provide state weighing services in accordance with this chapter.

~~State weighing service that exists on January 1, 1984, may not be terminated except as provided in this subdivision.~~

Sec. 45. Minnesota Statutes 1984, section 17A.11, as amended by Laws 1985, chapter 241, section 1, is amended to read:

17A.11 FEES FOR LIVESTOCK WEIGHING.

The commissioner shall prescribe the fee necessary to cover the cost of state weighing, to be assessed and collected from the seller in the manner the commissioner may prescribe. The fee assessed must be the same, and the manner of collection of the fee must be uniform at all facilities. At any location where state weighing is performed in accordance with this chapter and the total annual fees collected are insufficient to pay the cost of the weighing, the annual deficit shall be assessed and collected in the manner the commissioner may prescribe. Additional money arising from the weighing of animals by the commissioner, which has been collected and retained by any person, shall be paid on demand to the commissioner. All money collected by the commissioner shall be deposited in the state treasury and credited to the livestock weighing fund, and shall be paid out only on the order of the commissioner and the state's warrant.

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Sec. 46. Minnesota Statutes 1984, section 25.39, subdivision 4, is amended to read:

Subd. 4. **COMMERCIAL FEED INSPECTION ACCOUNT.** Fees collected shall be deposited in the state treasury and credited to the general fund. The costs of inspections, sampling, and analysis shall be paid from the appropriations made to the department of agriculture. A commercial feed inspection account is established in the state treasury. Fees and penalties collected under sections 25.35 to 25.44 must be deposited in the state treasury and credited to the commercial feed inspection account. Money in that account, including interest earned and money appropriated for the enforcement and administration of sections 25.35 to 25.44, is annually appropriated to the commissioner for the administration and enforcement of sections 25.35 to 25.44.

Sec. 47. Minnesota Statutes 1984, section 40.03, subdivision 1, is amended to read:

Subdivision 1. **MEMBERS.** There is hereby established, to serve as an agency within the department of agriculture and to perform the functions conferred upon it in this chapter, the state soil and water conservation board to be composed of 12 members, seven of whom shall be elected supervisors and the following five ex-officio members: The director of the agricultural extension service of the University of Minnesota; the ~~dean~~ deputy vice president of the Institute of Agriculture, Forestry, and Home Economics of the University of Minnesota; the director of the pollution control agency; the commissioner of agriculture; and the commissioner of natural resources. Each ex-officio member may designate a person within his organization to act in his stead as a member of the state board, with all his rights and privileges. The designation shall be filed with the secretary of state. The state board shall invite the state conservationist of the United States soil conservation service to serve as an advisory member. The state board may also invite a representative of the state association of soil and water conservation districts, the association of Minnesota counties, the league of Minnesota cities and any other organizations and appropriate agencies deemed necessary to serve as advisory members. The seven members of the state board who are elected supervisors shall be appointed by the governor. In making these appointments the governor may consider persons recommended by the state association of soil and water conservation district. One member shall be appointed from each of the state soil and water conservation board administrative regions.

Sec. 48. Minnesota Statutes 1984, section 43A.18, subdivision 5, is amended to read:

Subd. 5. **GOVERNOR TO RECOMMEND CERTAIN SALARIES.** The governor shall, on or before July 1 of each odd numbered year, submit to the legislative commission on employee relations recommendations for salaries within the salary range for the positions listed in section 15A.081, subdivision subdivi-

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sions 1 and 7. The governor may also propose additions or deletions of positions from those listed.

(a) Before submitting the recommendations, the governor shall consult with the commissioner of administration, the commissioner of finance, and the commissioner of employee relations concerning the recommendations.

(b) In making recommendations, the governor shall consider only those criteria established in subdivision 8 and shall not take into account performance of individual incumbents. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities and accountabilities and in determining recommendations rate each position by this system.

(c) Before the governor's recommended salaries take effect, the recommendations shall be reviewed and approved, rejected or modified by the legislative commission on employee relations and the legislature in the same manner as provided for the commissioner's plan in subdivision 2. The governor may also at any time propose changes in the salary rate of any positions covered by this subdivision, which shall be submitted and approved in the same manner as provided in this subdivision.

(d) The initial salary of a head of an agency or a chair of a metropolitan board or commission hereafter established whose salary is not specifically prescribed by law shall be fixed by the governor, after consultation with the commissioner, whose recommendation shall be advisory only, in an amount comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

Sec. 49. Minnesota Statutes 1984, section 60A.02, subdivision 7; is amended to read:

Subd. 7. **INSURANCE AGENT OR INSURANCE AGENCY.** An "insurance agent" or "insurance agency" is a person acting under express authority from, and an appointment pursuant to section 60A.17 by, an insurer and on its behalf to solicit insurance, or to appoint other agents to solicit insurance, or to write and countersign policies of insurance, or to collect premiums therefor within this state, or to exercise any or all these powers when so authorized by the insurer. The term "person" includes a natural person, a partnership, ~~or~~ a corporation, or other entity, including an insurance agency.

Sec. 50. Minnesota Statutes 1984, section 60A.10, is amended to read:

60A.10 DEPOSITS.

Subdivision 1. **DOMESTIC COMPANIES. (1) DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.** No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an

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amount, the actual market value of which, exclusive of interest, shall never be less than ~~\$100,000~~ \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) **SECURITIES DEFINED.** For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) **PROTECTION OF DEPOSIT FROM LEVY.** No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Subd. 2. **LIKE REQUIREMENT FOR FOREIGN COMPANIES.** Any insurance company of any other state of the United States may file with the commissioner a certificate of the insurance commissioner of the other state that, as such officer, he holds in trust and on deposit for the benefit of all the policyholders of the company a deposit of ~~not less than \$100,000~~ an amount not less than that required by subdivision 1 in par value of such securities as are required or permitted to be deposited with him by the laws of that state, these securities to be of the character in which insurance companies are authorized to invest under the laws of his state, stating the items of the securities so held, and that he is satisfied that these securities are worth ~~\$100,000~~ the value so certified. No deposit shall be required in this state while the deposit, so certified, remains.

Subd. 2a. **SPECIAL DEPOSITS.** The commissioner may require a special deposit of an individual foreign insurer for the protection of its Minnesota policyholders or claimants. The special deposit may be required, to a maximum amount of \$500,000. In the event of the filing of a delinquency petition against the insurer in Minnesota, the deposit is subject to chapters 60B, 60C, and 61A.

Subd. 3. **DEPOSITS IN COMPLIANCE WITH OTHER LAWS OR OF FOREIGN COMPANIES.** The commissioner shall receive and hold in official trust deposits made by any domestic company in compliance with the laws of any other state, to enable it to do business in that state, and in like manner hold deposits made by a foreign company under any law of this state. The company making the deposit shall be entitled to the income thereof and, from time to time, with his consent, when not inconsistent with the law under which it was made, may exchange, in whole or in part, the securities composing the deposit for other approved securities of equal value. Upon application by a

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domestic company, he may return the whole or any portion of the securities so deposited by it, if satisfied that they are subject to no liability. Upon like application, he may return to a foreign company any deposit made by it when it appears that the company has ceased to do business in this state or the United States, and he is satisfied that it is not subject to any liability in this state, or upon the order of any court of competent jurisdiction. A foreign company which has made a deposit, its trustees, receiver, resident manager, or any creditor or policyholder thereof, may, at any time, institute in the district court of Ramsey county an action against the state and other proper parties to enforce and terminate the trust created by the deposit. The commissioner shall immediately notify the governor of the action, and furnish the necessary information to answer in behalf of the state, and shall carry out such order and decree as the court shall make therein.

Subd. 4. **SAFEKEEPING OF SECURITIES ON DEPOSIT.** No later than July 1, 1975, all securities held on deposit with the commissioner pursuant to the laws of this state, or in accordance with an order of the commissioner, shall be deposited for the account of the commissioner in such state or national bank in this state as the depositing insurer may designate and the commissioner may approve. Said deposits shall be made and maintained in accordance with a custodial agreement between the bank and the depositing insurer in a form approved by the commissioner which shall provide as a minimum that (1) the fees of the custodian are to be the obligation of the depositing insurer, and (2) there shall be no exchange, release or transfer of any deposited security unless the commissioner has assented thereto in writing. Securities evidenced by the Federal Reserve book entry system may be deposited in the name of the commissioner of commerce for the benefit of all policyholders of the depositor.

Subd. 6. **RULES AND REGULATIONS.** The commissioner of commerce shall have the power to make such rules and regulations as may be necessary for the execution of the functions vested in him by ~~subdivisions 3 and 4~~ this section.

Sec. 51. Minnesota Statutes 1984, section 60A.131, subdivision 1, is amended to read:

Subdivision 1. Every If requested by the commissioner, an insurance company authorized to do business in this state shall disclose to the commissioner any changes in the principal management and directors of the company from that listed on page one of the annual statement within ten days of such change.

Sec. 52. Minnesota Statutes 1984, section 60A.17, subdivision 1a, is amended to read:

Subd. 1a. **LICENSE APPLICATION.** (a) **PROCEDURE.** An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be

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accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9) at the time the agent becomes licensed. The application and appointment shall be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

(b) **RESIDENT AGENT.** The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(1) A person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, shall constitute an election of residency in this state. Any license issued upon an application claiming residency in this state shall be void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state;

(2) The commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination shall be held at a reasonable time and place designated by the commissioner;

(3) The examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state;

(4) The examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall include a school conducted by an admitted insurer, a ~~correspondence course given by an admitted insurer, or other course of study.~~ The course of study shall consist of the equivalent of 45 30 hours of classroom study for each line for which a license application is made. After January 1, 1982, devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health

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license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by an admitted insurer the organization offering the course shall accompany the agent's applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order;

(5) The applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed;

(6) An applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived; and

(7) Any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner.

(c) **NONRESIDENT AGENT.** The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(1) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought;

(2) The commissioner shall not issue a license to any nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of any interested person arising out of the applicant's insurance business in this state. This designation shall constitute an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon any licensee in any action or proceeding commenced in any court of competent jurisdiction of this state may be made by

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serving the commissioner with appropriate copies of the process along with payment of the fee pursuant to section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner shall forward a copy of the process by registered or certified mail to the licensee at the last known address of record or principal place of business of the licensee; and

(3) A nonresident license shall terminate automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

(d) **DENIAL.** (1) If the commissioner finds that an applicant for a resident or nonresident license has not fully met the requirements for licensing, the commissioner shall refuse to issue the license and shall promptly give written notice to both the applicant and the appointing insurer of the denial, stating the grounds for the denial. All fees which accompanied the application and appointment shall be deemed earned and shall not be refundable.

(2) The commissioner may also deny issuance of a license for any cause that would subject the license of a licensee to suspension or revocation. If a license is denied pursuant to this clause, the provisions of section 60A.17, subdivision 6c, paragraph (c) apply.

(3) The applicant may make a written demand upon the commissioner for a hearing within 30 days of the denial of a license to determine whether the reasons stated for the denial were lawful. The hearing shall be held pursuant to chapter 14.

(e) **TERM.** All licenses issued pursuant to this section shall remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60A.17, subdivision 1d, or until suspended or revoked by the commissioner. A voluntary termination shall occur when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination shall also occur upon the happening of the event described in paragraph (c), clause (3).

Every licensed agent shall notify the commissioner within 30 days of any change of name, address, or information contained in the application.

(f) **SUBSEQUENT APPOINTMENTS.** A person who holds a valid agent's license from this state may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14,

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subdivision 1, paragraph (c), clause (9). The notice of appointment shall be on a form prescribed by the commissioner.

(g) **AMENDMENT OF LICENSE.** An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).

An applicant who surrenders an insurance license pursuant to this clause retains licensed status until an amended license is received.

(h) **EXCEPTIONS.** The following are exempt from the general licensing requirements prescribed by this section:

(1) Agents of township mutuals who are exempted pursuant to subdivision 1b;

(2) Fraternal beneficiary association representatives exempted pursuant to subdivision 1c;

(3) Any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of any such insurance;

(4) Employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications therefor;

(5) Employees of a creditor who enroll debtors for life or accident and health insurance; provided the employees receive no commission or fee therefor; and

(6) Clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums.

Sec. 53. Minnesota Statutes 1984, section 60A.1701, subdivision 5, is amended to read:

Subd. 5. **POWERS OF THE ADVISORY TASK FORCE.** (a) Applications for accreditation of each course and for approval of individuals responsible

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for monitoring course offerings must be submitted to the commissioner on forms prescribed by the commissioner and must be accompanied by a fee of not more than \$50 payable to the state of Minnesota for deposit in the general fund. ~~A fee of \$50 must accompany applications for approval of individuals responsible for monitoring course offerings.~~ If the advisory task force is created, it shall make recommendations to the commissioner regarding the accreditation of courses sponsored by institutions, both public and private, which satisfy the criteria established by this section, the number of credit hours to be assigned to the courses, and rules which may be promulgated by the commissioner. The advisory task force shall seek out and encourage the presentation of courses.

(b) If the advisory task force is created, it shall make recommendations and provide subsequent evaluations to the commissioner regarding procedures for reporting compliance with the minimum education requirement.

Sec. 54. Minnesota Statutes 1984, section 60A.1701, subdivision 10, is amended to read:

Subd. 10. **REPORTING.** (a) After completing the minimum education requirement, each person subject to this section shall file or cause to be filed a compliance report in accordance with the procedures adopted by the commissioner.

(b) ~~Each compliance report must be accompanied by an annual continuing education fee of \$5 payable to the state of Minnesota for deposit in the general fund.~~

(c) An institution offering an accredited course shall comply with the procedure for reporting compliance adopted by the commissioner.

(d) (c) If a person subject to this section completes a nonaccredited course, he may submit a written report to the advisory committee accompanied by a fee of not more than \$10 payable to the state of Minnesota for deposit in the general fund. This report must be accompanied by proof satisfactory to the commissioner that the person has completed the minimum education requirement for the annual period during which the nonaccredited course was completed. Upon the recommendation of the advisory committee that the course satisfies the criteria for course accreditation, the commissioner may approve the nonaccredited course and shall so inform the person. If the nonaccredited course is approved by the commissioner, it may be used to satisfy the minimum education requirement for the person's next annual compliance period.

Sec. 55. Minnesota Statutes 1984, section 60C.08, subdivision 1, is amended to read:

Subdivision 1. The board of directors of the association shall consist of ~~not less than five nor more than nine persons serving terms as established in the plan of operation.~~ The members of the board shall be selected by member

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insurers association members subject to the approval of the commissioner. Vacancies on the board shall be filled for the remaining period of the term in the same manner as initial appointments. If no members are selected within 60 days after July 1, 1971, the commissioner may appoint the initial members of the board of directors. If vacancies are not filled within 60 days of the end of terms, the commissioner may appoint as in the case of initial vacancies.

Sec. 56. [61A.021] SALE OF LIFE INSURANCE AND ANNUITY AS SINGLE POLICY PROHIBITED.

Subdivision 1. SALE AS SINGLE POLICY PROHIBITED. The sale of a life insurance product and an annuity as a single policy, whether in the form of a life insurance policy with an annuity rider or otherwise, is prohibited in this state. This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies.

Subd. 2. TYING PROHIBITED. The tying of the sale of a life insurance product and an annuity is expressly prohibited. The sale of one policy cannot be conditioned upon the sale of a second policy. A violation of subdivision 1 is an unfair and deceptive trade practice under chapter 72A.

Subd. 3. EXEMPTION. The commissioner may exempt by order such a product from this section if it is in the public interest.

Subd. 4. IMPLEMENTATION. This section applies to all sales where applications are completed on or after the effective date of this section.

Sec. 57. Minnesota Statutes 1984, section 61B.05, subdivision 1, is amended to read:

Subdivision 1. COMPOSITION OF BOARD. The board of directors of the association shall consist of not less than five nor more than nine members serving terms as established in the plan of operation under section 61B.08. The members of the board shall be selected by member insurers the association members subject to the approval of the commissioner. Vacancies on the board shall be filled for the remaining period of the term in the manner described in the plan of operation. To select the initial board of directors, and initially organize the association, the commissioner shall give notice to all member insurers of the time and place of the organizational meeting. At the organizational meeting, each member insurer shall be entitled to one vote in person or by proxy. If the board of directors is not selected within 60 days after notice of the organizational meeting, the commissioner may appoint the initial members.

Sec. 58. Minnesota Statutes 1984, section 62A.141, is amended to read:

62A.141 COVERAGE FOR HANDICAPPED DEPENDENTS.

No group policy or plan of health and accident insurance regulated under this chapter, chapter 62C, or chapter 62D, which provides for dependent

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coverage may be issued or renewed in this state after August 1, 1983, unless it covers the handicapped dependents of the insured, subscriber, or enrollee of the policy or plan. If ordered by the commissioner of commerce, the insurer of a Minnesota-domiciled nonprofit association which is composed solely of agricultural members may restrict coverage under this section to apply only to Minnesota residents.

Sec. 59. Minnesota Statutes 1984, section 62A.146, is amended to read:

62A.146 CONTINUATION OF BENEFITS TO SURVIVORS.

No policy or plan of accident and health protection issued by an insurer, nonprofit health service plan corporation, or health maintenance organization, providing coverage of hospital or medical expense on either an expense incurred basis or other than an expense incurred basis which in addition to coverage of the insured, subscriber, or enrollee, also provides coverage to his dependents, shall, except upon the written consent of the survivor or survivors of the deceased insured, subscriber or enrollee, terminate, suspend or otherwise restrict the participation in or the receipt of benefits otherwise payable under the policy or plan to the survivor or survivors until the earlier of the following dates:

- (a) The date of remarriage of the surviving spouse; or
- (b) The date coverage would have terminated under the policy or plan had the insured, subscriber, or enrollee lived.

The survivor or survivors, in order to have the coverage and benefits extended, may be required to pay the entire cost of the protection. Failure of the survivor to make premium or fee payments within ~~30~~ 90 days after notice of the requirement to pay the premiums or fees shall be a basis for the termination of the coverage without written consent. In event of termination by reason of the survivor's failure to make required premium or fee contributions, written notice of cancellation must be mailed to the survivor's last known address at least ~~15~~ 30 days before the cancellation. If the coverage is provided under a group policy or plan, any required premium or fee contributions for the coverage shall be paid by the survivor to the group policyholder or contract holder for remittance to the insurer, nonprofit health service plan corporation, or health maintenance organization.

Sec. 60. Minnesota Statutes 1984, section 62A.17, subdivision 6, is amended to read:

Subd. 6. **CONVERSION TO INDIVIDUAL POLICY.** A group insurance policy that provides post termination or lay off coverage as required by this section shall also include a provision allowing a covered employee, surviving spouse, or dependent at the expiration of the post termination or lay off coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and

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expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. A health maintenance contract issued by a health maintenance organization that provides post-termination or layoff coverage as required by this section shall also include a provision allowing a former employee, surviving spouse, or dependent at the expiration of the post-termination or layoff coverage provided in subdivision 2 to obtain from the health maintenance organization, at the former employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3 if an arrangement with an insurer can reasonably be made by the health maintenance organization. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.

A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.

The individual policy or contract shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4, up to age 65 or to the day before the date of eligibility for coverage under title XVIII of the Social Security Act, as amended. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar policies issued by the insurer.

Sec. 61. Minnesota Statutes 1984, section 62B.05, is amended to read:

62B.05 TERM OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE.

The term of any credit life insurance or credit accident and health insurance shall, subject to acceptance by the insurer, commence on the date when the debtor becomes obligated to the creditor, except that, where a group policy provides coverage with respect to existing obligations, the insurance on a debtor with respect to the indebtedness shall commence on the effective date of the policy. Where evidence of insurability is required and the evidence is furnished more than 30 days after the date when the debtor becomes obligated to the

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creditor, the term of the insurance may commence on the date on which the insurance company determines the evidence to be satisfactory, and in that event there shall be an appropriate refund or adjustment of any charge to the debtor for insurance. The term of the insurance shall not extend more than 15 days beyond the scheduled maturity date of the indebtedness except when extended without additional cost to the debtor.

If an indebtedness is prepaid in full before its scheduled maturity, ~~except by a new loan from or by refinancing by the same creditor and except by performance of the insurer's obligation under the policy:~~ (a) any policy or certificate of insurance providing credit life or credit accident and health benefits procured by or through a creditor and for which the premium has been paid by the debtor or debtors out of the proceeds of the indebtedness shall be cancelled upon surrender of the policy, certificate or other evidence, and a refund shall be paid or credited as provided in section 62B.08; and (b) the creditor then holding the evidence of indebtedness shall notify the debtor in writing of his right to surrender and cancel any outstanding policy of credit life or accident and health insurance procured by or through a creditor and to receive a refund if the unearned premium is \$3 or more. This notice shall be written in clear and conspicuous language. If the policy or certificate by its own terms terminates upon prepayment in full before its scheduled maturity date, it need not be surrendered but a refund shall be paid or credited as provided in section 62B.08.

If an indebtedness is prepaid in full before its scheduled maturity date by a new loan from or by refinancing by the same creditor through which the debtor or debtors procured a policy or certificate of credit life or credit accident and health insurance issued after August 1, 1977, the insurance shall be deemed cancelled if any new policy or certificate for the same type of insurance is issued in connection with the new loan or refinancing, and a refund shall be paid or credited as provided in section 62B.08. For the purposes of this subdivision, an assignee creditor and an assignor creditor shall not be construed to be the same creditor.

Sec. 62. Minnesota Statutes 1984, section 62D.19, is amended to read:

62D.19 UNREASONABLE EXPENSES.

No health maintenance organization shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of ~~commerce~~ health shall, pursuant to the administrative procedures act, promulgate rules to implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62D.01 to 62D.29; in order to safeguard the underlying nonprofit status of health maintenance organizations; and to ensure that the payment of health maintenance organization moneys to major participating entities results in a corresponding benefit to

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the health maintenance organization and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the health maintenance organization have acted with good faith and in the best interests of the health maintenance organization in entering into, and performing under, a contract under which the health maintenance organization has incurred an expense.

Sec. 63. Minnesota Statutes 1984, section 62E.10, subdivision 2, is amended to read:

Subd. 2. **BOARD OF DIRECTORS; ORGANIZATION.** The board of directors of the association shall be made up of seven individuals selected by participating members, subject to approval by the commissioner and two public members appointed by the governor. In determining voting rights at members' meetings, each member shall be entitled to vote in person or proxy. The vote shall be a weighted vote based upon the member's cost of self insurance, accident and health insurance premium, subscriber contract charges, or health maintenance contract payment derived from or on behalf of Minnesota residents in the previous calendar year, as determined by the commissioner. In approving members of the board, the commissioner shall consider, among other things, whether all types of members are fairly represented. Members of the board may be reimbursed from the moneys of the association for expenses incurred by them as members, but shall not otherwise be compensated by the association for their services. The costs of conducting meetings of the association and its board of directors shall be borne by members of the association.

Sec. 64. Minnesota Statutes 1984, section 62E.12, is amended to read:

62E.12 MINIMUM BENEFITS OF COMPREHENSIVE HEALTH INSURANCE PLAN.

The association through its comprehensive health insurance plan shall offer policies which provide the benefits of a number one qualified plan, a number two qualified plan and a qualified medicare supplement plan. They shall offer health maintenance organization contracts in those areas of the state where a health maintenance organization has agreed to make the coverage available and has been selected as a writing carrier. Notwithstanding the provisions of section 62E.06 the state plan shall exclude coverage of services of a private duty nurse other than on an inpatient basis and any charges for treatment in a hospital located outside of the state of Minnesota in which the covered person is receiving treatment for a mental or nervous disorder, unless similar treatment for the mental or nervous disorder is medically necessary, unavailable in Minnesota and provided upon referral by a licensed Minnesota medical practitioner.

Sec. 65. Minnesota Statutes 1984, section 62E.16, is amended to read:

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62E.16 CONVERSION PRIVILEGES.

Every program of self insurance, policy of group accident and health insurance or contract of coverage by a health maintenance organization written or renewed in this state, shall include, in addition to the provisions required by section 62A.17, the right to convert to an individual coverage qualified plan without the addition of underwriting restrictions if the individual insured leaves the group regardless of the reason for leaving the group, or upon cancellation or termination of the coverage for the group except where uninterrupted and continuous group coverage is otherwise provided to the group. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. The person may exercise his right to conversion within 30 days of leaving the group or within 30 days following his receipt of due notice of cancellation or termination of coverage of the group and upon payment of premiums from the date of termination or cancellation. Due notice of cancellation or termination of coverage for a group shall be provided to each employee having coverage in the group by the insurer, self insurer or health maintenance organization cancelling or terminating the coverage except where reasonable evidence indicates that uninterrupted and continuous group coverage is otherwise provided to the group. Every employer having a policy of group accident and health insurance, group subscriber or contract of coverage by a health maintenance organization shall, upon request, provide the insurer or health maintenance organization a list of the names and addresses of covered employees. Plans of health coverage shall also include a provision which, upon the death of the individual in whose name the contract was issued, permits every other individual then covered under the contract to elect, within the period specified in the contract, to continue his coverage under the same or a different contract without the addition of underwriting restrictions until he would have ceased to have been entitled to coverage had the individual in whose name the contract was issued lived. An individual conversion contract issued by a health maintenance organization shall not be deemed to be an individual enrollment contract for the purposes of section 62D.10.

Sec. 66. Minnesota Statutes 1984, section 65B.03, is amended to read:

65B.03 GOVERNING COMMITTEE.

Subdivision 1. **MEMBERSHIP.** The commissioner shall direct that an election be held among every insurer subject to this chapter, for the election of a facility governing committee. The governing committee shall be made up of eight individuals selected by participating members of the facility and one public member appointed by the governor to two-year terms. Each insurer member of the governing committee shall be a participating member.

Each participating member serving on the governing committee shall be represented by a salaried employee of that participating member, and not more than one participating member in a group under the same management shall

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serve on the governing committee at the same time. The commissioner of commerce or his designee shall be an ex officio member of the governing committee. In the event of a tie vote on any matter before the governing committee, the commissioner or his designee may cast a vote to break the tie. The composition of the governing committee may be revised by recommendation of the existing governing committee and approval of the commissioner.

Subd. 2. **TERMS OF OFFICE.** The committee so elected shall become the governing committee of the facility, effective on a date to be specified by the commissioner. Thereafter, The governing committee members shall be elected to serve annual two-year terms. Vacancies shall be filled as provided in the plan of operation.

Sec. 67. Minnesota Statutes 1984, section 65B.44, subdivision 4, is amended to read:

Subd. 4. **FUNERAL AND BURIAL EXPENSES.** Funeral and burial benefits shall be reasonable expenses not in excess of ~~\$1,250~~ \$2,000, including expenses for cremation or delivery under the Uniform Anatomical Gift Act, sections 525.921 to 525.93.

Sec. 68. Minnesota Statutes 1984, section 65B.49, is amended by adding a subdivision to read:

Subd. 3a. **UNINSURED AND UNDERINSURED MOTORIST COVERAGES.** (1) No plan of reparation security may be renewed, delivered or issued for delivery, or executed in this state with respect to any motor vehicle registered or principally garaged in this state unless uninsured and underinsured motorist coverages are provided therein. The coverages combined, at a minimum, must provide limits of \$25,000 because of injury to or the death of one person in any accident and \$50,000 because of injury to or the death of two or more persons in any accident. In the case of injury to, or the death of, two or more persons in any accident, the amount available to any one person must not exceed the coverage limit provided for injury to, or the death of, one person in any accident. For purposes of this subdivision, uninsured motorist coverage and underinsured motorist coverage shall be a single coverage.

(2) Every owner of a motor vehicle registered or principally garaged in this state shall maintain uninsured and underinsured motorist coverages as provided in this subdivision.

(3) No reparation obligor is required to provide limits of uninsured and underinsured motorist coverages in excess of the bodily injury liability limit provided by the applicable plan of reparation security.

(4) No recovery shall be permitted under the uninsured and underinsured motorist coverages of this section for basic economic loss benefits paid or payable, or which would be payable but for any applicable deductible.

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(5) If at the time of the accident the injured person is occupying a motor vehicle, the limit of liability for uninsured and underinsured motorist coverages available to the injured person is the limit specified for that motor vehicle. However, if the injured person is occupying a motor vehicle of which the injured person is not an insured, the injured person may be entitled to excess insurance protection afforded by a policy in which the injured party is otherwise insured. The excess insurance protection is limited to the extent of covered damages sustained, and further is available only to the extent by which the limit of liability for like coverage applicable to any one motor vehicle listed on the automobile insurance policy of which the injured person is an insured exceeds the limit of liability of the coverage available to the injured person from the occupied motor vehicle.

If at the time of the accident the injured person is not occupying a motor vehicle, the injured person is entitled to select any one limit of liability for any one vehicle afforded by a policy under which the injured person is insured.

(6) Regardless of the number of policies involved, vehicles involved, persons covered, claims made, vehicles or premiums shown on the policy, or premiums paid, in no event shall the limit of liability for uninsured and underinsured motorist coverages for two or more motor vehicles be added together to determine the limit of insurance coverage available to an injured person for any one accident.

(7) The uninsured and underinsured motorist coverages required by this subdivision do not apply to bodily injury of the insured while occupying a motor vehicle owned by the insured, unless the occupied vehicle is an insured motor vehicle.

Sec. 69. Minnesota Statutes 1984, section .65B.63, subdivision 1, is amended to read:

Subdivision 1. Reparation obligors providing basic economic loss insurance in this state ~~may~~ shall organize and maintain, subject to approval and regulation by the commissioner, an assigned claims bureau and an assigned claims plan, and adopt rules for their operation and for the assessment of costs on a fair and equitable basis consistent with sections 65B.41 to 65B.71. The assigned claims bureau shall be managed by a governing committee made up of four individuals selected by the insurer members, one individual selected by the self-insurer members, and two public members appointed by the governor to two-year terms. If such obligors do not organize and continuously maintain an assigned claims bureau and an assigned claims plan in a manner considered by the commissioner of commerce to be consistent with sections 65B.41 to 65B.71, he shall organize and maintain an assigned claims bureau and an assigned claims plan. Each reparation obligor providing basic economic loss insurance in this state shall participate in the assigned claims bureau and the assigned claims plan.

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Costs incurred shall be allocated fairly and equitably among the reparation obligors.

Sec. 70. Minnesota Statutes 1984, section 67A.25, subdivision 1, is amended to read:

Subdivision 1. **WHAT COMPANIES MAY COME UNDER LAWS 1909, CHAPTER 411.** Any township mutual fire insurance company heretofore organized may exercise, after the passage of Laws 1909, Chapter 411, all of the rights conferred thereby that are within the powers and privileges of its certificate or articles of incorporation, or it may be reincorporated thereunder. No such company already organized shall be required to reincorporate thereunder in order to avail itself of the privileges thereof.

Every township mutual fire insurance company now doing business in this state shall have the right to continue transacting such business until the first day of March succeeding the passage thereof; and, if the commissioner is satisfied that the company is transacting its business in accordance therewith, he shall on the first day of each succeeding ~~March~~ June issue a license to the company authorizing it to transact business until the ~~first day of March~~ May 31 following the date of the license.

Sec. 71. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

Subd. 17. RETURN OF PREMIUMS UPON DEATH OF INSURED. Refusing, upon surrender of an individual policy, to refund to the estate of the insured all unearned premiums paid on the policy covering the insured as of the time of the insured's death if the unearned premium is for a period of more than one month.

The insurer may deduct from the premium any previously accrued claim for loss or damage under the policy.

For the purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss.

Sec. 72. Minnesota Statutes 1984, section 79.252, subdivision 4, is amended to read:

Subd. 4. **RESPONSIBILITIES.** Assigned risk policies and contracts of coverage shall be subject to premium tax pursuant to section 60A.15, and special compensation fund assessments pursuant to section 176.131, subdivision 10. The assigned risk plan shall be a member of the reinsurance association for the purposes of sections 79.34 to 79.40 and ~~shall be deemed to have selected the higher~~ may select either retention limit provided in section 79.34, subdivision 2.

Sec. 73. Minnesota Statutes 1984, section 79.62, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

79.62 DATA SERVICE ORGANIZATIONS; LICENSING, EXAMINATION.

Subdivision 1. **LICENSE REQUIRED.** No data service organization shall provide any service and no insurer shall use the services of a data service organization unless the organization is licensed by the commissioner.

Subd. 2. **PROCEDURE; APPLICATION.** A data service organization shall apply for a license in a form and manner prescribed by the commissioner. The application of a data service organization shall include:

(a) A copy of its constitution, articles of incorporation, bylaws, and other rules pertaining to the conduct of its business;

(b) A plan and narrative describing how it will perform the activities required by section 79.61;

(c) A statement showing its technical qualifications; and

(d) Any other information that the commissioner may reasonably require.

Subd. 2a. EMPLOYER REPRESENTATION. The commissioner may appoint two representatives of employers to serve on the board of directors of each licensed data service organization. These directors serve for a term of two years and are entitled to vote on all matters under consideration.

Subd. 3. **ISSUANCE.** The commissioner, upon finding that the applicant organization is qualified to provide the services required and proposed, or has contracted with a licensed data service organization to purchase these services which are required by chapter 79 but are not provided directly by the applicant, and that all requirements of law are met, shall issue a license. Licenses shall remain in effect until the licensee withdraws from business or until the license is suspended or revoked. Each license is subject to annual renewal effective June 30. Each new or renewal license application must be accompanied by a fee of \$50.

Subd. 4. **SUSPENSION; REVOCATION.** The commissioner may, after a hearing on the record, revoke or suspend the license of a data service organization if he finds that the organization is not in compliance with the requirements of chapter 79 or rules issued thereunder.

Subd. 5. **LICENSEE EXAMINATION.** The commissioner may examine any licensed data service organization or applicant for this licence to determine whether its activities and practices comply with law. The cost of the examination shall be paid by the examined organization pursuant to section 60A.03.

Sec. 74. Minnesota Statutes 1984, section 138.94, is amended to read:

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138.94 STATE HISTORICAL CENTER.

The Historical building at 690 Cedar Street and the land housing the Mechanic Arts gymnasium, parking lot, and any other properties between those entities and the Historical building at 690 Cedar Street is hereby designated as the State Historical Center, and is to be used for such purposes notwithstanding any other law to the contrary. Authority for administration and control of the State Historical Center is conferred on the Minnesota historical society. ~~As such,~~ The society is not exempt from rental or lease costs by the state. The state will maintain and provide custodial, security, and climate control services for the Historical Center.

Sec. 75. Minnesota Statutes 1984, section 168.012, subdivision 1, is amended to read:

Subdivision 1. Vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision thereof, or vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions, shall be exempt from the provision of this chapter requiring payment of tax or registration fees. Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates. Vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost. All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly printed on both sides thereof in letters not less than 2-1/2 inches high, one inch wide and of a three-eighths inch stroke; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required printing on the sides of the vehicle. Such printing shall be in a color giving a marked contrast with that of the part of the vehicle on which it is placed and shall be done with a good quality of paint that will endure throughout the term of the registration. The printing must be on a part of the vehicle itself and not on a removable plate or placard of any kind and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision. ~~The owner of any such vehicle desiring to come under the foregoing exemption provisions shall first notify the chief of the state patrol who shall provide suitable seals and cause the same to be affixed to any such vehicle.~~

Sec. 76. Minnesota Statutes 1984, section 168.12, subdivision 1, is amended to read:

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Subdivision 1. **NUMBER PLATES; VISIBILITY, PERIODS OF ISSUANCE.** The registrar, upon the approval and payment, shall issue to the applicant the number plates required by law, bearing the state name and the number assigned. The number assigned may be a combination of a letter or sign with figures. The color of the plates and the color of the abbreviation of the state name and the number assigned shall be in marked contrast. The plates shall be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and when a vehicle is registered on the basis of total gross weight, the plates issued shall clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number plates shall be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number plates, when viewed from a vehicle equipped with standard headlights, shall be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet. The registrar shall issue these number plates for the following periods:

(1) Number plates issued pursuant to sections 168.27, subdivisions 16 and 17, and 168.053 shall be for a one year period;

(2) New number plates issued pursuant to section 168.012, subdivision 1, shall be issued to a vehicle for as long as it is owned by the exempt agency and shall not be transferable from one vehicle to another but may be transferred with the vehicle from one tax exempt agency to another;

(3) Plates issued for passenger automobiles as defined in section 168.011, subdivision 7, motorcycles, motorized bicycles, and motor scooters shall be issued for the life of the vehicle a six-year period starting not later than October 1986, or until the next general reissuance of plates every six years thereafter, whichever is less; and

(4) Plates for any vehicle not specified in clauses (1), (2) and (3), except for trailers as hereafter provided, shall be issued for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall be issued for the life of the trailer and shall be not more than seven inches in length and four inches in width.

In a year in which plates are not issued, the registrar shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall show the calendar year or years for which issued, and is valid only for that period. The number plates, number tabs, or stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it is issued.

Notwithstanding any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for

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the same purpose without payment of any additional fee. The registrar shall be notified of each transfer of number plates under this paragraph, and may prescribe a form for notification.

Sec. 77. Minnesota Statutes 1984, section 168.12, subdivision 5, is amended to read:

Subd. 5. **ADDITIONAL FEE.** In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of up to 25 cents but not to exceed the actual cost of manufacture and distribution of any \$2 for a license plate for a motorcycle, motorized bicycle, or motorized sidecar, and \$3 for license plates, other than license plates issued pursuant to section 168.27, subdivisions 16 and 17, for passenger automobiles; provided that no fee is required for plates issued within one calendar year before a general reissuance of plates under subdivision 1. Graphic design license plate or plates upon the issuance of said plate or plates, provided that these plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.

Sec. 78. Minnesota Statutes 1984, section 174.32, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT; PURPOSE.** A transit assistance program is established to provide transit assistance within the state. The commissioner shall provide financial assistance from the fund created in subdivision 2 to eligible recipients for transit service activities as provided in this section.

Sec. 79. Minnesota Statutes 1984, section 174.32, subdivision 2, is amended to read:

Subd. 2. **TRANSIT ASSISTANCE FUND; DISTRIBUTION.** A transit assistance fund is created for the purpose of receiving money distributed under section 297B.09. The commissioner shall distribute 80 Eighty percent of the receipts of the fund must be placed into a metropolitan account for distribution to recipients located in the metropolitan area and 20 percent into a separate account for distribution to recipients located outside of the metropolitan area. The regional transit board created by section 473.373 is responsible for distributing assistance from the metropolitan account, and the commissioner is responsible for distributing assistance from the other account.

Sec. 80. Minnesota Statutes 1984, section 174.32, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE RECIPIENTS.** A legislatively established public transit commission; a public authority organized and existing under chapter 398A; a county or statutory or home rule charter city operating, intending to

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operate, or providing financial assistance to a transit service; a rail authority; or a private operator of public transit is eligible for assistance under the program. The National Railroad Passenger Corporation, known as Amtrak, and any trolley system outside the metropolitan area are not eligible for assistance under the program.

Sec. 81. Minnesota Statutes 1984, section 174.32, is amended by adding a subdivision to read:

Subd. 6. INVESTMENT OF TRANSIT ASSISTANCE FUND. For money deposited in the transit assistance fund on or after January 15, 1985, the commissioner of transportation shall certify to the state board of investment the amount of the transit assistance fund that in the judgment of the commissioner is not required for immediate use. The certified amount of the transit assistance fund not currently needed shall be invested by the state board of investment subject to section 11A.25. All investment income and all investment losses attributable to the investments must be credited to the transit assistance fund. The commissioner of finance is the custodian of securities purchased under this section.

Sec. 82. [219.98] FEES FOR APPLYING FOR BOARD ORDER.

A person other than the state, a state agency, or a political subdivision, who applies for an order of the board relating to clearances under section 219.47, permitting the abandonment or removal of track under section 219.741, or permitting abandonment of a station or discontinuance or reduction of agency service under section 219.85, shall pay, at the time the application is filed, into the state treasury a fee of \$100. A person other than the state, a state agency, or a political subdivision, applying for an order of the board under any other provision of this chapter shall pay, at the time the application is filed, into the state treasury a fee of \$50.

Sec. 83. Minnesota Statutes 1984, section 240.04, subdivision 4, is amended to read:

Subd. 4. **MEDICAL SERVICES.** The commission may appoint a medical officer who must be a doctor of veterinary medicine and who serves at its pleasure in the unclassified service. He shall, while employed by the commission, devote full time to his duties, which are:

(a) to supervise the formulation, administration, and evaluation of all medical tests the commission's rules require or authorize;

(b) to advise the commission on all aspects of veterinary medicine relating to its powers and duties; and

(c) to supervise all personnel involved in medical testing, subject to the supervision of the executive secretary.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

The commission may obtain medical services as required by contract with an institution which teaches animal health sciences within the state. If no medical officer is appointed, his duties may be assigned to the executive secretary.

The commission may require that a licensee reimburse it for the costs of services provided by assistant veterinarians.

Sec. 84. [240.155] REIMBURSEMENT ACCOUNT.

Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians and stewards must be deposited in the state treasury and credited to a racing commission reimbursement account. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 85. Minnesota Statutes 1984, section 240.24, as amended by Laws 1985, chapter 212, section 21, is amended to read:

240.24 MEDICATION.

Subdivision 1. **RULES.** The commission shall make and enforce rules governing medication and medical testing for horses running at licensed racetracks. The rules must provide that no medication, as the commission defines that term by rule, may be administered to a horse within 48 hours of a race it runs at a licensed racetrack. The commission shall by rule establish the qualifications for laboratories used by it as testing laboratories to enforce its rules under this section.

Subd. 2. **FEES.** The commission shall establish by rule a fee or schedule of fees to recover the costs of medical testing of horses running at racetracks licensed by the commission. Fees charged for the testing of horses shall cover part of the cost of the medical testing laboratory but not exceed \$30 per horse. Fee receipts shall be deposited in the state treasury and credited to the equine drug testing account in the special revenue general fund.

Sec. 86. Minnesota Statutes 1984, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state

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or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. This exemption does not include the following:

(i) candy and candy products, except when sold for fundraising purposes by a nonprofit organization that provides educational and social activities for young people primarily aged 18 and under;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

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(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products (i) upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded, or (ii) which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars;

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material;

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies;

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases;

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarry-

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ing, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of

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selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock;

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators;

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public;

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed;

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(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, section 1901, as amended;

(s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect;

(t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in title 38 United States Code, chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph;

(u) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25;

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(v) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota;

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i);

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses;

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene;

(aa) The gross receipts from the sale of a manufactured home, as defined in section 327.31, subdivision 6, to be used by the purchaser for residential purposes, unless the sale is the first retail sale of the manufactured home in this state;

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(bb) The gross receipts from the sale of equipment used for processing solid or hazardous waste at a resource recovery facility, as defined in section 115A.03, subdivision 28.

Sec. 87. Minnesota Statutes 1984, section 299A.01, subdivision 6, is amended to read:

Subd. 6. The commissioner of public safety shall have the power to promulgate such rules and regulations pursuant to chapter 14, as are necessary to carry out the purposes of Laws 1969, chapter 1129. In addition, the commissioner may prescribe by rule fees for the rental of films from the department.

Sec. 88. Minnesota Statutes 1984, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **COVERAGE.** The following employees, if they are in the unclassified service of the state and are eligible for coverage under the Minnesota state retirement system, shall participate in the unclassified program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

(1) Any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general or the state board of investment,

(2) The head of any department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or any employee enumerated in sections 15A.081, subdivision 1 or 15A.083, subdivision 4,

(3) Any permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) Any person employed in a position established pursuant to section 43A.08, subdivision 1, clause (c), or subdivision 1a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

(5) The ~~chairman~~ chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or

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assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chairman chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(6) The executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(7) The clerk of the appellate courts appointed pursuant to Article VI, Section 2, of the Constitution of the state of Minnesota,

(8) The chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services,

(9) Any employee whose principal employment is at the state ceremonial house,

(10) Employees of the Minnesota educational computing corporation, and

(11) Any employee of the world trade center board.

Sec. 89. Minnesota Statutes 1984, section 360.018, subdivision 6, is amended to read:

Subd. 6. **LICENSING OF AIRPORTS AND OTHER AIR NAVIGATION FACILITIES.** All proposed airports, restricted landing areas, and other air navigation facilities shall be first licensed by the commissioner before they, or any of them, shall be used or operated. Any municipality or person acquiring property for the purpose of constructing or establishing an airport or restricted landing area shall, prior to such acquisition, make application to the commissioner for a certificate of approval of the site selected and the general purpose or purposes for which the property is to be acquired, to insure that the property and its use shall conform to minimum standards of safety and shall serve public interest. It shall be unlawful for any municipality or officer or employee thereof, or for any person, to operate an airport, restricted landing area, or other air navigation facility for which an annual license has not been issued by the commissioner. Notwithstanding the foregoing, a personal use airport that is more than five miles from a public airport, whether publicly or privately owned, need not obtain a license from the commissioner.

Sec. 90. Minnesota Statutes 1984, section 360.024, is amended to read:

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360.024 AIR TRANSPORTATION SERVICES.

The commissioner shall charge users of air transportation services provided by the commissioner for all direct and indirect operating costs, ~~excluding including~~ salaries and acquisition of aircraft. All receipts for these services shall be deposited in the air transportation services account in the state airports fund and are appropriated to the commissioner to pay all direct and indirect air service operating costs, ~~excluding including~~ salaries. Receipts to cover the cost of acquisition of aircraft must be transferred and credited to the hangar construction revolving account.

Sec. 91. Minnesota Statutes 1984, section 453.51, is amended to read:

453.51 INTENT.

Sections 453.51 to 453.62 are intended to provide a means for those Minnesota cities which now or hereafter own and operate a utility pursuant to law for the local distribution of electric energy to secure, by individual or joint action among themselves or by contract with other public or private entities within or outside the state, an adequate, economical, and reliable supply of energy. It is also the purpose of sections 453.51 to 453.62 to provide a means for Minnesota cities to construct and operate hydroelectric generating plants. To accomplish ~~this purpose~~ these purposes it is necessary for such cities to have power, by agreement between or among two or more of their number, to create a separate municipal corporation with the power and authority to finance and acquire facilities for the generation or transmission of electric energy, or interests in such facilities or rights to part of all of the capacity thereof. It is determined that an adequate, economical, and reliable supply of electric energy is essential to the orderly growth and prosperity of these communities, and a shortage of such energy is inimical to the safety, health, morale, and welfare of residents of the state and to the sound growth and developments of its communities. Such a shortage exists and is expected to continue or increase because of the difficulty, among others, in the operation of municipal generating plants, of achieving economies of size, limiting environmental impacts, and providing for peak loads. Accordingly it is determined that the exercise of the powers granted herein will benefit the people of the state and serve a valid public purpose in improving and otherwise promoting their health, welfare, and prosperity.

Sec. 92. Minnesota Statutes 1984, section 453.54, subdivision 15, is amended to read:

Subd. 15. It may contract with any person, within or outside the state, for the construction of any project or for the sale, with or without advertising for bids, or transmission of electric energy generated by any project, or for any interest therein or any right to capacity thereof, on such terms and for such period of time as its board of directors determines.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 93. Minnesota Statutes 1984, section 453.58, is amended by adding a subdivision to read:

Subd. 4. NO TAXATION OF PROPERTY; INTENT. (a) Notwithstanding anything in sections 453.51 to 453.62 to the contrary, a city, by the exercise of any or all of the powers granted in sections 453.51 to 453.62, is not subject to any duty under section 453.54, subdivision 20, to pay amounts in lieu of taxes on any of its property. The sale or distribution of electric energy to private persons shall not cause a project to be treated as not used exclusively for a public purpose.

(b) This subdivision is adopted to clarify the powers intended to be granted to cities under section 453.58, and the consequences thereof, is remedial in character, and applies to all property heretofore or hereafter acquired through the exercise of any of the powers of sections 453.51 to 453.62.

Sec. 94. Minnesota Statutes 1984, section 473.373, subdivision 4, is amended to read:

Subd. 4. TERMS. The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts, ~~B, E, F, J, K, L, and N,~~ A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts ~~A, C, D, G, H, I, and M,~~ E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.

Sec. 95. Minnesota Statutes 1984, section 473.373, subdivision 6, is amended to read:

Subd. 6. EXECUTIVE DIRECTOR. The chief administering officer of the board shall hold the position of executive director. The executive director shall be appointed as provided in section 473.141 and have the duties and authority prescribed for a chief administrator in section 473.141, ~~except as provided in subdivision 7.~~

Sec. 96. Minnesota Statutes 1984, section 473.375, subdivision 4, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **PROPERTY.** The board may acquire by purchase, lease, gift, or grant property and interests in property necessary for the accomplishment of its purposes and may sell or otherwise dispose of property which it no longer requires. The board may not rent or lease any premises from a recipient of financial assistance from the board. Except for the rental or lease of its office space, the board may not acquire or hold any permanent or temporary right, title, or interest in or to real property, including easements or development rights.

Sec. 97. Minnesota Statutes 1984, section 473.375, is amended by adding a subdivision to read:

Subd. 17. **AUDIT.** The board must be audited at least once each year. The board may elect to be audited by a certified public accountant or by the state auditor. If the board chooses the state auditor, the state auditor shall audit, either directly or by subcontract, the board's financial accounts and affairs at least once each year. The information in the audit must be contained in the annual report and distributed in accordance with section 473.445, subdivision 3. The board shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving fund of the state auditor.

Sec. 98. Minnesota Statutes 1984, section 473.38, subdivision 2, is amended to read:

Subd. 2. **FINANCIAL PLAN; COUNCIL APPROVAL.** Along with its annual budget, each year the board shall prepare a financial plan for the succeeding three calendar years, in half-year segments. The financial plan must be consistent with the board's implementation plan and must contain the elements specified in section 473.377, subdivision 2, clauses (a), (e), (f), and (g). The financial plan prepared in even-numbered years must contain a proposed request for state financial assistance for the succeeding biennium. The board shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council.

Sec. 99. Minnesota Statutes 1984, section 473.384, subdivision 7, is amended to read:

Subd. 7. **MTC IMPACT ASSESSMENT.** Prior to entering into a contract for operating assistance with a recipient other than the transit commission the board shall evaluate the effect, if any, of the contract on the ridership, routes, schedules, fares, and staffing levels of the existing and proposed service provided by the commission. A copy of the assessment must be provided to the commission. The board may enter into the contract only if it determines that the service to be assisted under the contract will not impose an undue hardship on the ridership or financial condition of the commission, or cause the dismissal of

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persons that are employed by the commission, ~~or reduce the total level of service in the metropolitan area provided by the commission.~~

Sec. 100. Minnesota Statutes 1984, section 473.386, subdivision 2, is amended to read:

Subd. 2. **FINANCING; IMPLEMENTATION; MANAGEMENT AND ADVISORY GROUPS.** The board shall contract for services necessary for the project's operation. All transportation service provided through the project must be provided under a contract between the board and the provider which specifies the service to be provided and the rates for providing it. The board shall establish a ~~committee to set management policies for the project. The management policy committee must include the chairman of the board or his designee, representatives of persons contracting to provide services for the project, representatives of users of the service, and representatives of appropriate agencies. The meetings of the management policy committee are public and minutes of all meetings must be taken, preserved, and made available for public inspection.~~ The board shall establish an advisory task ~~force~~ committee of individuals representing the elderly, handicapped, and other users of service provided by the project, representatives of persons contracting to provide services for the project, and representatives of appropriate agencies to advise the board on management policy committee policies for the project.

Sec. 101. **[473.387] SPECIAL TRANSPORTATION MARKETS.**

Subdivision 1. **PURPOSES.** The legislature finds and declares that the limited public resources available to subsidize transit require increased efforts to concentrate service and funding on special sectors of the marketplace, so as to ensure a basic level of mobility for all persons in the metropolitan area. The purposes of the programs established by this section are to better target transit services and expenditures on transit dependent sectors of the market and to increase the efficiency and effectiveness and control the cost of transit services for persons who lack private means of transportation.

Subd. 2. **ADMINISTRATION.** The regional transit board shall design and administer the programs under this section. The board may request proposals for projects to demonstrate methods of achieving the purposes of programs administered under this section. The board shall design or ensure the design of programs that will provide better access for the targeted service groups to places of employment and activity throughout the metropolitan area, using regular route transit, paratransit, taxis, car or van pools, or other means of conveyance. The board may organize the services by providing to individuals, directly or indirectly, reduced fares or passes on public transit or vouchers to be used to purchase transportation; by contracting with public and private providers; by arrangements with government agencies, civic and community organizations or nonprofit groups providing assistance to the targeted service groups; by arrangements with prospective employers, with employment, education, retail,

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medical, or other activity centers, or with local governments; or by any other methods designed to improve service and reduce costs to the targeted service groups.

Subd. 3. JOBSEEKERS. The board shall establish a program and policies to increase the availability and utility of public transit services and reduce transportation costs for persons who are seeking employment and who lack private means of transportation.

Subd. 4. TRANSIT DISADVANTAGED. The board shall establish a program and policies to reduce transportation costs for persons who are, because of limited incomes, age, disability, or other reasons, especially dependent on public transit for common mobility.

Sec. 102. Minnesota Statutes 1984, section 473.39, subdivision 1, is amended to read:

Subdivision 1. **GENERAL AUTHORITY.** The transit board council, if authorized requested by vote of at least two-thirds of all its of the members of the transit board, may borrow money on terms, and in the manner it deems proper issue general obligation bonds to provide funds to the board for expenditure to implement the board's approved capital development program and for the refunding of outstanding bonds, certificates of indebtedness, and judgments. The council may not unreasonably withhold the issuance of obligations for a capital development program that has been approved by the council. The board council may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. A loan made under this section and interest thereon shall be payable from collections of any funds of the board not otherwise appropriated by law and not otherwise pledged by resolution of the board. The loans may be evidenced by certificates of indebtedness, bonds, or other obligations, to which the board may pledge money received upon collection of the tax authorized by section 473.446 or received as proceeds of bonds issued under this section or any other revenue of the board. The loans may also be secured by a security interest in property acquired in whole or in part from their proceeds. The obligations are not a charge, lien, or encumbrance upon and may not be enforced against any property of the board except tax collections and bond proceeds specifically pledged by the board and security interests granted by it. In the enforcement or collection of the obligations, exercise of the taxing power of the board may not be required unless the board has specifically pledged tax levies or tax collections authorized by section 473.446 to the payment of the obligations. Except as otherwise provided in sections 473.371 to 473.449, the council shall provide for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the net debt limitations in chapter 475 do not apply to the bonds. The obligations are not a debt of the state or any municipality or political subdivision

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within the meaning of any debt limitation or requirement pertaining to those entities. Neither the state, nor any municipality or political subdivision except the council and board, nor any member or officer or employee of ~~the board or council~~, is liable on the obligations. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the transit taxing district and transit area as provided in section 473.446. The council shall certify to the transit board before October 1 of each year the amounts necessary to provide full and timely payment of the obligations. As part of its levy made under section 473.446, the board shall levy the amounts certified by the council and transfer the proceeds to the council for payment of the obligations. The taxes must be levied, certified, and collected in accordance with the terms and conditions of the indebtedness.

Sec. 103. Minnesota Statutes 1984, section 473.39, is amended by adding a subdivision to read:

Subd. 1a. AMOUNT; I-394 FACILITIES. The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$8,500,000 for expenditure as prescribed in the capital development program of the board required by section 473.377, subdivision 2, clause (a). Of this amount, no more than \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 104. Minnesota Statutes 1984, section 473.39, subdivision 2, is amended to read:

Subd. 2. LEGAL INVESTMENTS. Certificates of indebtedness, bonds, or other obligations issued by the board council to which tax levies have been pledged pursuant to section 473.446, are proper for investment of any funds by a bank, savings bank, savings and loan association, credit union, trust company, insurance company, or public or municipal corporation, and may be pledged by any bank, savings bank, savings and loan association, credit union, or trust company as security for the deposit of public money.

Sec. 105. **[473.398] TRANSIT NEEDS ASSESSMENT.**

The metropolitan council, the regional transit board, the metropolitan transit commission, and any regional rail authority or political subdivision in the metropolitan area may not either separately or in combination expend or obligate any money from public sources for study, planning, design, preliminary engineer-

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ing, engineering, acquisition, construction, or any other purpose related to facilities for transporting passengers by cars operating on fixed rails, without express legislative authorization.

Before performing any further detailed work on light rail transit, the regional transit board shall complete the total assessment of transit service needs and markets for the metropolitan area and the implementation plan required by section 473.377, subdivisions 1 and 2. It may consider any mode of travel to serve identified needs and markets.

Following approval of the implementation plan by the metropolitan council, as required by section 473.377, subdivision 1, the regional transit board may commence corridor planning, consisting of preliminary engineering for general route configuration and alignments, station locations, modal interconnectors, and access of any modes including light rail transit, for the corridor between the downtowns of Minneapolis and St. Paul if the needs assessment and implementation plan so provide. It may utilize private or public funds to do this work.

The board shall report to the legislature by December 1, 1986, on the needs, alternative transit systems, and services considered and recommendations for implementation, costs, alternative sources of financing, and preferred financing sources.

Sec. 106. Minnesota Statutes 1984, section 473.404, subdivision 7, is amended to read:

Subd. 7. **COMPENSATION.** Each member, including the chair, must be compensated as provided for commission members in section 473.141, subdivision 7.

Sec. 107. Minnesota Statutes 1984, section 473.405, subdivision 12, is amended to read:

Subd. 12. **MANAGEMENT CONTRACTS.** Notwithstanding any of the other provisions of sections 473.401 to 473.451, the commission may, in lieu of directly operating any public transit system or any part thereof, enter into contracts for management services. The contracts may provide for compensation, incentive fees, the employment of personnel, the services provided, and other terms and conditions that the commission deems proper.

The commission may not permit a contract manager to supervise or manage internal audit activities. Internal audit activity must be supervised and managed directly by the commission. The commission shall advertise for bids and select contracts for management services through competitive bidding. The term of the contract may not be longer than two years. The contract must include clear operating objectives, stating the service policies and goals of the commission in terms of the movement of various passenger groups, and perform-

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ance criteria, by means of which success in achieving the operating objectives can be measured. ~~Employees of a contract manager may serve only in the operations division.~~ The commission shall consider and determine the feasibility and desirability of having all its transit management services provided internally by employees of the commission.

The employees of any public transit system operated pursuant to the provisions of this subdivision for the purpose of resolving any dispute arising under any existing or new collective bargaining agreement relating to the terms or conditions of their employment, may either engage in a concerted refusal to work or to invoke the processes of final and binding arbitration as provided by chapter 572, subject to any applicable provisions of the agreement not inconsistent with law.

Sec. 108. Minnesota Statutes 1984, section 473.408, is amended by adding a subdivision to read:

Subd. 2a. REGULAR ROUTE FARES. The board shall establish and enforce uniform fare policies for regular route transit in the metropolitan area. The policies must be stated in the board's three-year transit service implementation and financing plan. The policies must be consistent with the requirements of this section and the council's transportation policy plan. The commission and other operators shall charge a base fare and any surcharges for peak hours and distance of service in accordance with the policies prescribed in the approved implementation plan of the transit board. The commission and other operators shall submit their fare schedules to the board for approval.

Sec. 109. Minnesota Statutes 1984, section 473.408, subdivision 4, is amended to read:

Subd. 4. DOWNTOWN CIRCULATION FARES. The commission and other operators may charge not less than ten cents a reduced fare for service on any route providing circulation service in a downtown area or community activity center. The commission and other operators shall not contribute more than 50 percent of the operating deficit of any such route that is confined to a downtown area or community activity center. The boundaries of service districts eligible for reduced fares under this subdivision must be approved by the board.

Sec. 110. Minnesota Statutes 1984, section 473.435, subdivision 2, is amended to read:

Subd. 2. AUDIT. The commission must be audited at least once each year. The commission may elect to be audited by a certified public accountant or by the state auditor. If the commission chooses the state auditor, the transit commission shall employ a certified public accountant or firm to state auditor shall make an annual audit, either directly or by subcontract, of the commission's financial accounts and affairs for the last fiscal year on or before November 30 of each year, and at least once each year. Copies of the auditor's report thereof

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shall be filed and kept open to public inspection in the offices of the secretary of the commission, the board, and the secretary of state. The information in the audit shall be contained in the annual report and distributed in accordance with section 473.445. The commission shall pay the total cost of the audit, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received for the state audits must be deposited in the revolving fund of the state auditor.

Sec. 111. Minnesota Statutes 1984, section 473.436, subdivision 6, is amended to read:

Subd. 6. **TEMPORARY BORROWING.** On or after the first day of any fiscal year, the commission may borrow money which may be used or expended by the commission for any purpose, including but not limited to current expenses, capital expenditures and the discharge of any obligation or indebtedness of the commission. The indebtedness must be represented by a note or notes which may be issued from time to time in any denomination and sold at public or private sale pursuant to a resolution authorizing the issuance. The resolution must set forth the form and manner of execution of the notes and shall contain other terms and conditions the commission deems necessary or desirable to provide security for the holders of the notes. The note or notes are payable from committed or appropriated money from taxes, grants or loans of the state or federal government made to the commission, or other revenues of the commission, and the money may be pledged to the payment of the notes. The commission is authorized to pledge to the payment of the note or notes taxes levied by the regional transit board under section 473.446, subdivision 1, clause (a), and if taxes are so pledged the board shall transfer amounts received from the levy to the commission for payment of the note or notes. To the extent the notes are not paid from the grant or loan money pledged for the payment thereof, the principal and interest of the notes must be paid from any taxes, received by the transit board and any income and revenue received by or accrued to the commission during the fiscal year in which the note or notes were issued, or other money of the commission lawfully available therefor.

Sec. 112. Minnesota Statutes 1984, section 473.446, subdivision 1, is amended to read:

473.446 TRANSIT TAX LEVIES.

Subdivision 1. **TAXATION WITHIN TRANSIT TAXING DISTRICT.** For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

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(a) An amount up to two mills times the assessed value of all such property, based upon the level of transit service provided for the property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977 1985, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued or to be issued ~~pursuant to under~~ section ~~473.436~~ 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the ~~commission~~ council or board has specifically pledged tax levies under this clause.

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities ~~or~~ and towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.5 mills on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities ~~or~~ and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.75 mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.13, subdivision 15a, clause (3). There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments in fiscal year 1987 and thereafter.

For the purposes of this subdivision, "full peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service with a frequency of more at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 113. Minnesota Statutes 1984, section 473.446, subdivision 1a, is amended to read:

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Subd. 1a. **TAXATION WITHIN TRANSIT AREA.** For the purposes of sections 473.401 to 473.451, and the metropolitan transit system, the ~~metropolitan transit commission~~ regional transit board shall levy upon all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district, defined in subdivision 2, a transit tax, which shall be equal to ten percent of the sum of the levies provided in subdivision 1, clauses (a) to (c). The proceeds of this tax shall be used only for paratransit services or ride sharing programs designed to serve persons located within the transit area but outside of the transit taxing district.

Sec. 114. Minnesota Statutes 1984, section 473.446, subdivision 2a, is amended to read:

Subd. 2a. **PROTECTION OF RIGHTS OF HOLDERS OF OUTSTANDING INDEBTEDNESS.** The provisions of subdivisions 1 and 2 or any other law changing the boundaries of the metropolitan transit taxing district or reducing the levy otherwise required to be levied within the district shall not be deemed to impair the rights of holders of outstanding indebtedness of the ~~commission~~ to require the ~~certification to the transit board~~ levy of property taxes, if necessary to provide for any deficiency in accordance with the conditions of such indebtedness, on all property within the limits of the metropolitan transit taxing district as such limits were in effect at the date of issuance of such indebtedness.

Sec. 115. Minnesota Statutes 1984, section 473.446, subdivision 3, is amended to read:

Subd. 3. **CERTIFICATION AND COLLECTION.** On or before October 10 in each year the ~~commission~~ regional transit board shall certify the total amount of the tax levied pursuant to subdivision 1 to the auditor of each metropolitan county. Each county auditor shall then assess and extend upon the tax rolls in his county that proportion of the tax which the assessed value of taxable property in his county bears to the assessed value of all taxable property in the metropolitan area. Each county treasurer shall collect and make settlement of such taxes with the treasurer of the ~~commission~~ board. The levy of transit taxes pursuant to this section shall not affect the amount or rate of taxes which may be levied by any county or municipality or by the ~~commission~~ board for other purposes authorized by law and shall be in addition to any other property tax authorized by law.

Sec. 116. Minnesota Statutes 1984, section 500.24, subdivision 3, is amended to read:

Subd. 3. **FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.** No corporation or pension or investment fund shall engage in farming; nor shall any corporation or pension or investment fund, directly or indirectly, own, acquire, or otherwise obtain an

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interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions provided in this subdivision shall not apply to the following:

- (a) A bona fide encumbrance taken for purposes of security;
- (b) A family farm corporation or an authorized farm corporation as defined in subdivision 2;
- (c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973 or a pension or investment fund as of May 12, 1981 including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five year period, and including additional ownership reasonably necessary to meet the requirements of pollution control regulations;
- (d) Agricultural land operated for research or experimental purposes, provided that any commercial sales from such farm shall be incidental to the research or experimental objectives of the corporation;
- (e) Agricultural land operated by a corporation for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;
- (f) Agricultural land and land capable of being used for farming leased by a corporation in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973 and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973 in any five year period, and the additional acreage reasonably necessary to meet the requirements of pollution control regulations;
- (g) Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable non-profit corporation or by a pension or investment fund; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;
- (h) Agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, for which the corporation has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation may hold such agricultural land in such acreage as may be necessary

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to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation or an authorized farm corporation, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, 42 U.S.C. 3901-3914) as amended, or a subsidiary or assign of such a corporation;

(i) Agricultural lands acquired by a pension or investment fund or a corporation by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years after acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten year period except under a lease to a family farm unit, a family farm corporation or an authorized farm corporation. The aforementioned ten year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund or corporate grantee or assignee or the successor of such pension or investment fund or corporation;

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, Chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, or a family farm corporation;

(k) Agricultural land, either leased or owned, totaling no more than 2700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, Section 500.24, Subdivision 1, Clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) Agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of subdivision 3 under the provisions of Laws 1973, Chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975 in any five year period and the additional ownership reasonably necessary to meet requirements of pollution control regulations.

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(o) Agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978 and the additional ownership reasonably necessary to meet requirements of pollution control regulations, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, Chapter 324, Section 1, Subdivision 2.

(p) An interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d).

Sec. 117. Minnesota Statutes 1984, section 626.861, is amended by adding a subdivision to read:

Subd. 4. PEACE OFFICERS TRAINING ACCOUNT. Receipts from penalty assessments must be credited to a peace officers training account in the special revenue fund. Money credited to the peace officers training account may be appropriated for but not limited to the following purposes:

(a) Up to ten percent may be provided for reimbursement to board approved skills courses in proportion to the number of students successfully completing the board's skills licensing examination.

(b) The balance may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under chapters 214 and 626.

Sec. 118. Minnesota Statutes 1984, section 626.88, subdivision 3, is amended to read:

Subd. 3. EXCEPTION. Security guards employed by the capitol complex security division of the department of public safety are not required to comply with subdivision 2 until July 1, 1985, at which time they shall be subject to the same uniform color restrictions as other security guards.

Sec. 119. Laws 1985, chapter 168, section 14, is amended to read:

Sec. 14. EFFECTIVE DATE.

Sections 1 to 4, 8, 44, and 12 are effective July October 1, 1985, and apply to all insurance policies providing benefits for injuries arising out of the maintenance or use of a motor vehicle or motorcycle that are executed, issued, issued for delivery, delivered, continued, or renewed in this state after June 30 September 30, 1985. Sections 5 and 9 are effective the day following final enactment.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sections 6, 7, 10, and 13 are effective October 1, 1985.

Sec. 120. Laws 1985, chapter 290, section 14, is amended to read:

Sec. 14. EFFECTIVE DATES.

Sections 1 to 3; section 4, subdivisions 1 and 2; and sections 5 to 13 are effective July 1, 1985. Section 4, subdivision 3, is effective July 1, 1986. Sections 2 to 12 are effective 12 months after completion of the study required by section 13.

Sec. 121. Laws 1985, chapter 309, section 14, is amended to read:

Sec. 14. EFFECTIVE DATE.

Sections 1 to 4 and 6 are effective July October 1, 1985, and apply to all insurance policies providing benefits for injuries arising out of the maintenance or use of a motor vehicle or motorcycle that are executed, issued, issued for delivery, delivered, continued, or renewed in this state after June 30 September 30, 1985.

Sections 7 and 9 are effective the day following final enactment. Section 12 is effective July 1, 1985, and applies to causes of action arising on or after that date.

Sec. 122. FARE RESTRICTIONS SUSPENDED.

The provisions respecting fares of the metropolitan transit commission in Laws 1981, chapter 363, section 55, subdivision 1; Laws 1981, third special session, chapter 2, article 1, section 2, subdivision 2; and Laws 1983, chapter 293, section 2, subdivision 5, are suspended until July 1, 1987.

Sec. 123. REPEALER.

Subdivision 1. Minnesota Statutes 1984, sections 60A.15, subdivision 14; 62A.025; 473.373, subdivision 7; 473.39, subdivision 3; 473.408, subdivisions 3, 3a, 3b, and 5; 473.436, subdivisions 1, 4, and 5; 473.438; and 473.446, subdivision 6, are repealed.

Subd. 2. Laws 1985, chapter 241, section 2, is repealed.

Subd. 3. Minnesota Statutes 1984, section 17.717, subdivision 6, is repealed.

Subd. 4. Minnesota Statutes 1984, section 473.373, subdivision 2, is repealed.

Subd. 5. Minnesota Statutes 1984, section 65B.49, subdivision 4, as amended by Laws 1985, chapter 168, section 11, and chapter 309, section 5, is repealed.

Any amendment to Minnesota Statutes, section 65B.49, subdivision 4, enacted at the same special session that enacts this subdivision, is void.

Changes or additions are indicated by underline, deletions by strikeout.

Sec. 124. **APPLICATION.**

Sections 94 to 115 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 125. **EFFECTIVE DATE.**

Sections 31; 32; 45; 83; 84; 85; 105; 116; 120; and 123, subdivisions 2 and 5, are effective the day following final enactment. Sections 43; 46; 117; and 123, subdivision 3, are effective July 1, 1987. Section 33 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, for the city of Hastings by the governing body of the city of Hastings, and for the city of St. Cloud by the governing body of the city of St. Cloud. Section 86 is effective for sales made after June 30, 1985. Section 123, subdivision 4, is effective August 1, 1985.

Section 68 is effective October 1, 1985, and applies to all insurance policies providing benefits for injuries arising out of the maintenance or use of a motor vehicle or motorcycle that are executed, issued, issued for delivery, delivered, continued, or renewed in this state after September 30, 1985.

Approved June 27, 1985

CHAPTER 11 — S.F.No. 17

An act relating to the organization and operation of state government; appropriating money for education and related purposes to the department of education, higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, University of Minnesota, and the Mayo medical foundation, with certain conditions; authorizing certain boards to establish certain salaries; providing for staff assistance, Indian scholarships and school district grants, tuition determination, average cost of instruction, authority to carry over appropriations, computer sales, financial aid, credit transferability, payroll deductions, surveys, studies, reports, notices, planning, policy development, mission statements, task forces, private proprietary schools, state university parking, annual appropriations, aid payments, review of vocational capital improvements, veterans' vocational program exemptions, vocational budgets and programs, endowed chairs, emergency rules, and pilot programs; amending Minnesota Statutes 1984, sections 15A.081, subdivision 1, and by adding a subdivision; 121.02, by adding a subdivision; 124.48, by adding a subdivision; 135A.01; 135A.03; 135A.04; 135A.05; 135A.06; 136.031; 136.24; 136.67, subdivision 5; 136A.09; 136A.095; 136A.101; 136A.121, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, and 16; 136A.132, subdivisions 3, 4, 5, and 6; 136A.15, subdivision 7; 136A.162; 136A.233, subdivision 2; 136C.04, subdivisions 4a, 15, and by adding a subdivision; 136C.07, by adding a subdivision; 136C.08, subdivision 2; 136C.13, subdivision 3, and by adding a subdivision; 136C.26, subdivisions 1, 4, and 5; 136C.28, subdivision 2; 136C.29, subdivision 5; 136C.33, subdivision 1; 136C.34; 136C.36; 137.022; 141.23; 141.25,

Changes or additions are indicated by underline, deletions by ~~strikeout~~.