

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-FIRST LEGISLATURE

EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Tuesday, March 14, 2000

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Walter Flesner.

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

Anderson	Hottinger	Laidig	Ourada	Scheid
Belanger	Janezich	Langseth	Pappas	Solon
Berg	Johnson, D.E.	Larson	Pariseau	Spear
Berglin	Johnson, D.H.	Lesewski	Piper	Stevens
Betzold	Johnson, D.J.	Lessard	Pogemiller	Stumpf
Cohen	Junge	Limmer	Price	Terwilliger
Day	Kelley, S.P.	Lourey	Ranum	Vickerman
Dille	Kelly, R.C.	Marty	Ring	Wiener
Fischbach	Kierlin	Metzen	Robertson	Wiger
Flynn	Kinkel	Murphy	Robling	Ziegler
Foley	Kiscaden	Neuville	Runbeck	
Frederickson	Kleis	Novak	Sams	
Hanson	Knutson	Oliver	Samuelson	
Higgins	Krentz	Olson	Scheevel	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Junge moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 2992. The motion prevailed.

Senator Flynn from the Committee on Transportation, to which was referred

S.F. No. 2935: A bill for an act relating to metropolitan government; providing for additional bonding authority for the financing of metropolitan area transit and paratransit capital expenditures; amending Minnesota Statutes 1999 Supplement, section 473.39, subdivision 1g.

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

Senator Flynn from the Committee on Transportation, to which was re-referred

S.F. No. 2992: A bill for an act relating to data practices; conforming Minnesota Statutes with federal law; amending Minnesota Statutes 1998, sections 168.346; and 171.12, subdivision 7.

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

Page 2, line 21, reinstate the stricken language

Page 3, line 32, reinstate the stricken language

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

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

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

S.F. No. 2893: A bill for an act relating to business subsidies; providing clarification; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3, and by adding a subdivision; and 116J.994, subdivisions 1, 3, 4, 5, 7, 8, and 9.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 116J.993, subdivision 3, is amended to read:

Subd. 3. [BUSINESS SUBSIDY.] "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

- (1) a business subsidy of less than \$25,000;
- (2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
- (5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
- (6) assistance ~~provided to organizations whose primary mission is to provide job readiness and training services~~ if the sole purpose of the assistance is to provide those services;
- (7) assistance for housing;
- (8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;
- (9) assistance for energy conservation;

- (10) tax reductions resulting from conformity with federal tax law;
- (11) workers' compensation and unemployment compensation;
- (12) benefits derived from regulation;
- (13) indirect benefits derived from assistance to educational institutions;
- (14) funds from bonds allocated under chapter 474A issued by government agencies on behalf of entities without actual direct financial assistance being provided by the issuing authority;
- (15) assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
- (17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; ~~and~~
- (18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) funds from dock and wharf bonds issued by a seaway port authority; and
- (21) business loans under \$75,000.

Sec. 2. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC PURPOSE.] A business subsidy must meet a public purpose ~~other than~~ which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is ~~imminent~~ specific and demonstrable.

Sec. 3. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 2, is amended to read:

Subd. 2. [DEVELOPING A SET OF CRITERIA.] A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria must set specific minimum requirements that recipients must meet in order to be eligible to receive business subsidies. The criteria must include a policy regarding specific wage floor for the wages to be paid for the jobs created. A grantor may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the department. The commissioner of trade and economic development may assist local government agencies in developing criteria. A copy of the criteria must be submitted to the department of trade and economic development along with the first annual report following the enactment of this section or with the first annual report after it has adopted criteria, whichever is earlier.

Sec. 4. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 3, is amended to read:

Subd. 3. [SUBSIDY AGREEMENT.] (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

- (1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- (2) a statement of the public purposes for the subsidy;

- (3) measurable, specific, time-limited, and tangible goals for the subsidy;
- (4) a description of the financial obligation of the recipient if the goals are not met;
- (5) a statement of why the subsidy is needed;
- (6) a commitment to continue operations ~~at the site~~ in the jurisdiction where the subsidy is used for at least five years after the benefit date;
- (7) the name and address of the parent corporation of the recipient, if any; and
- (8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. ~~If a business subsidy is not structured as a forgivable loan~~ For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if the grantor approves the recipient's request to move.

Sec. 5. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 4, is amended to read:

Subd. 4. [WAGE AND JOB GOALS.] The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is ~~imminent~~ specific and demonstrable, goals for the number of jobs retained; and (2) wage goals for the jobs created or retained. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Sec. 6. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 5, is amended to read:

Subd. 5. [PUBLIC NOTICE AND HEARING.] (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$100,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the iron range resources and rehabilitation board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the iron range resources and rehabilitation board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a ~~copy~~ summary of the terms of the subsidy agreement, is available. Published notice should be sufficiently conspicuous in size and placement

to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the iron range resources and rehabilitation board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the iron range resources and rehabilitation board.

Sec. 7. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 6, is amended to read:

Subd. 6. [FAILURE TO MEET GOALS.] The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor or, at the grantor's option, to the account created under section 116J.551 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under section 275.70, subdivision 2. The grantor, after a public hearing, may extend for up to one year the period for meeting the wage and job goals under subdivision 4 provided in a subsidy agreement. A grantor may extend the period for meeting other goals under subdivision 3, clause (3), by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the department.

A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Sec. 8. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 7, is amended to read:

Subd. 7. [REPORTS BY RECIPIENTS TO GRANTORS.] (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent ~~to the commissioner and the local government agency that provided the business subsidy~~ to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the iron range resources and rehabilitation board is the grantor, the copies must be sent to the board. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(8) the name and address of the parent corporation of the recipient, if any;

(9) a list of all financial assistance by all grantors for the project; and

(10) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year ~~and within 30 days after the deadline for meeting the job and wage goals.~~ The local agency and the iron range resources and rehabilitation board must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16) is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the subsidy assistance is tax increment financing;

(2) progress towards meeting goals stated in the subsidy assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Sec. 9. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 8, is amended to read:

Subd. 8. [REPORTS BY GRANTORS.] (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. ~~The local government agency report must include a list of recipients that did not complete the recipient report required under subdivision 7 and a list of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.~~

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The commissioner of trade and economic development must provide information on reporting requirements to state and local government agencies.

Sec. 10. Minnesota Statutes 1999 Supplement, section 116J.994, subdivision 9, is amended to read:

Subd. 9. [COMPILATION AND SUMMARY REPORT.] The department of trade and economic development must publish a compilation and summary of the results of the reports for the previous calendar year by ~~July~~ August 1 of each year. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

- (1) total amount of subsidies awarded in each development region of the state;
- (2) distribution of business subsidy amounts by size of the business subsidy;
- (3) distribution of business subsidy amounts by time category, ~~such as monthly or quarterly~~;
- (4) distribution of subsidies by type and by public purpose;
- (5) percent of all business subsidies that reached their goals;
- (6) percent of business subsidies that did not reach their goals by two years from the benefit date;
- (7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;
- (8) percent of subsidies that did not meet their goals and that did not receive repayment;
- (9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;
- (10) number of part-time and full-time jobs within separate bands of wages; and
- (11) benefits paid within separate bands of wages.

Sec. 11. Minnesota Statutes 1999 Supplement, section 116J.994, is amended by adding a subdivision to read:

Subd. 10. [COMPILATION.] The department of trade and economic development must publish a compilation of granting agencies' criteria policies adopted in the previous calendar year by August 1 of each year.

Sec. 12. Minnesota Statutes 1999 Supplement, section 116J.995, is amended to read:

116J.995 [ECONOMIC GRANTS.]

An appropriation rider in an appropriation to the department of trade and economic development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created, wages paid, and the tax revenue increases due to the grant. The wage and job goals must contain specific goals to be attained within two years of the benefit date. The statement must specify the recipient's obligation if the recipient does not attain the goals. At a minimum, the statement must require a recipient failing to meet the job and wage goals to pay back the assistance plus interest to the department of trade and economic development provided that repayment may be prorated to reflect partial

fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under section 275.70, subdivision 2. The legislature, after a public hearing, may extend for up to one year the period for meeting the goals provided in the statement."

Delete the title and insert:

"A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995."

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

Senator Ranum from the Committee on Judiciary, to which was referred

S.F. No. 2634: A bill for an act relating to civil law; civil commitment; providing for notice to certain relatives of patients receiving or hospitalized for psychiatric or mental health care; modifying consent provisions for voluntary mental health treatment for certain minors; modifying provisions related to early intervention mental health treatment and civil commitment; amending Minnesota Statutes 1998, sections 253B.065, by adding a subdivision; 253B.066, subdivision 1; and 253B.15, subdivision 8; Minnesota Statutes 1999 Supplement, sections 253B.04, subdivision 1; and 253B.065, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Delete everything after the enacting clause and insert:

"Section 1. [144.334] [RIGHT TO REQUEST PATIENT INFORMATION.]

Upon an oral or written request by a spouse, parent, child, or sibling for information about a patient who is being evaluated for or diagnosed with mental illness, a provider must notify the requesting individual of the right under section 144.335, subdivision 3a, paragraph (f), to have the provider request the patient's authorization to release information about the patient to a designated individual.

Sec. 2. Minnesota Statutes 1999 Supplement, section 253B.04, subdivision 1, is amended to read:

Subdivision 1. [VOLUNTARY ADMISSION AND TREATMENT.] (a) Voluntary admission is preferred over involuntary commitment and treatment. Any person 16 years of age or older may request to be admitted to a treatment facility as a voluntary patient for observation, evaluation, diagnosis, care and treatment without making formal written application. Any person under the age of 16 years may be admitted as a patient with the consent of a parent or legal guardian if it is determined by independent examination that there is reasonable evidence that (1) the proposed patient ~~is mentally ill~~ has a mental illness, or is mentally retarded, or chemically dependent; and (2) the proposed patient is suitable for treatment. The head of the treatment facility shall not arbitrarily refuse any person seeking admission as a voluntary patient.

(b) In addition to the consent provisions of paragraph (a), a person who is 16 or 17 years of age who refuses to consent personally to admission may be admitted as a patient for mental illness or chemical dependency treatment with the consent of a parent or legal guardian if it is determined by an independent examination that there is reasonable evidence that the proposed patient is chemically dependent or has a mental illness and is suitable for treatment. The person conducting the examination shall notify the proposed patient and the parent or legal guardian of this determination."

Delete the title and insert:

"A bill for an act relating to civil law; civil commitment; providing for notice to certain relatives of patients receiving or hospitalized for psychiatric or mental health care; modifying consent provisions for voluntary mental health treatment for certain minors; amending Minnesota

Statutes 1999 Supplement, section 253B.04, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 144."

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 2761: A bill for an act relating to municipalities; providing an exception to tort liability for geographic information systems information; amending Minnesota Statutes 1998, sections 466.03, by adding a subdivision; and 604.02, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 466.03, is amended by adding a subdivision to read:

Subd. 21. [GEOGRAPHIC INFORMATION SYSTEMS.] Any claim arising from alleged or actual inaccuracies in information from geographic information systems (GIS) used by the public; if the municipality provides a disclaimer of accuracy of the information at any point of initial contact with a geographic information system to which the public has general access. GIS information includes information generated from an organized collection of computer hardware, software, and geographic data designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information and compiled for use by a municipality, either alone or with other entities, public or private. GIS data is accurate for its intended use by a municipality and may be inaccurate for other uses.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to municipalities; limiting tort liability for geographic information systems information; amending Minnesota Statutes 1998, section 466.03, by adding a subdivision."

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

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

S.F. No. 3297: A bill for an act relating to utilities; allowing members of electric cooperative that has merged or been consolidated into new cooperative to revoke the merger or consolidation and reestablish former electric cooperative; amending Minnesota Statutes 1998, section 308A.801, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 308A.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 308A.801, subdivision 5, is amended to read:

Subd. 5. [EFFECT OF MERGER.] (a) After the effective date, the cooperatives and associations that are parties to the plan become a single association. For a merger, the surviving association is the association designated in the plan. For a consolidation, the new cooperative is the association provided for in the plan. Except for the surviving or new association and except as provided in sections 308A.811 to 308A.813, the separate existence of all cooperatives and associations that are parties to the plan cease on the effective date of the merger or consolidation.

(b) The surviving or new association possesses all of the rights and property of each of the merged or consolidated cooperatives or associations, and is responsible for all their obligations. The title to property of the merged or consolidated association is vested in the surviving or new association without reversion or impairment of the title caused by the merger or consolidation.

(c) The right of a creditor may not be impaired by the merger or consolidation without the creditor's consent.

Sec. 2. [308A.810] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The following terms used in sections 308A.810 to 308A.814 have the meanings given them in this section.

Subd. 2. [COMMISSION.] "Commission" means the public utilities commission.

Subd. 3. [DEPARTMENT.] "Department" means the department of commerce.

Subd. 4. [FORMER ELECTRIC COOPERATIVE.] "Former electric cooperative" means an electric cooperative that has merged or been consolidated into another electric cooperative.

Subd. 5. [EXISTING ELECTRIC COOPERATIVE.] "Existing electric cooperative" means an electric cooperative created as a result of a merger or consolidation of electric cooperatives.

Subd. 6. [REESTABLISHED FORMER ELECTRIC COOPERATIVE.] "Reestablished former electric cooperative" means a former electric cooperative that has been reestablished under sections 308A.810 to 308A.814.

Sec. 3. [308A.811] [MERGER AND CONSOLIDATION OF ELECTRIC COOPERATIVES; PARTIAL REVOCATION.]

Subdivision 1. [PARTIAL REVOCATION.] A merger or consolidation involving three or more electric cooperatives effective after December 29, 1996, and before January 1, 2001, may be revoked within five years of its adoption with respect to a particular former electric cooperative by a vote in accordance with this section of the members or stockholders of the particular existing electric cooperative who reside or are located in the service territory of the former electric cooperative that has been merged or consolidated into the existing electric cooperative.

Subd. 2. [PETITION.] The revocation vote must be initiated by a petition signed by one percent of members or stockholders of an existing electric cooperative who reside or are located in the service territory of a particular former electric cooperative that has merged or been consolidated into the existing electric cooperative. The petition form must be prescribed by the department within one month of the effective date of this section and sample forms must be available from the department. Petitions must include a uniform statement that petition signers are requesting a vote of cooperative members or stockholders residing or located in the service territory area of a particular former electric cooperative on the question of revocation of the merger or consolidation and reestablishment of the former electric cooperative. On receipt of the petition, the department shall verify that persons signing the petition reside or are located in the service territory of the former electric cooperative and that the petition is signed by at least one percent of the members or stockholders of the existing electric cooperative who reside or are located in the service territory of the particular former electric cooperative.

Subd. 3. [BALLOT.] Upon verification of a petition meeting the requirements of this section, the department shall prepare and mail ballots to all members or stockholders of the existing electric cooperative who reside or are located in the service territory of the former electric cooperative on the question of whether the merger or consolidation of the former electric cooperative into the existing electric cooperative should be revoked with regard to the former electric cooperative and the former electric cooperative reestablished. The department shall mail the ballots no later than 30 days after verifying that the petition meets the requirements of this section. Upon request of the department, the existing electric cooperative shall promptly provide the department with a list of the names and addresses of current members or stockholders who reside or are located in the service territory of the former electric cooperative. The department

shall indicate on the ballot that the ballot must be returned to the department within 17 days of the date it was mailed by the department to be counted toward the final vote.

Subd. 4. [VOTING FOR MEMBERS.] If a vote or petition of members or stockholders of a cooperative is submitted under this section, the spouse of the member or stockholder may sign the petition and vote on behalf of the member or stockholder unless the member or stockholder has notified the department in writing otherwise.

Subd. 5. [NOTICE OF RESULTS.] The department shall provide notice of the results of a vote held under this section to the public utilities commission and the existing electric cooperative within seven days after the vote has been counted by the department. The existing electric cooperative shall provide notice of the results to its members or stockholders within seven days of receiving notice from the department. Notice by first class mail is considered given pursuant to this subdivision when mailed.

Sec. 4. [308A.812] [REESTABLISHING FORMER ELECTRIC COOPERATIVE; DISTRIBUTING ASSETS AND LIABILITIES; TRANSITION.]

Subdivision 1. [COMMISSION ORDER TO REESTABLISH COOPERATIVE.] Within 15 days of receiving notice from the department of an affirmative vote to reestablish a former electric cooperative, the commission shall issue an order reestablishing the former electric cooperative. Upon issuance of the order, the former electric cooperative is reestablished for organizational and transitional purposes but not for actually providing electric service. The reestablished former electric cooperative is reestablished for purposes of actually providing electric service and any other purposes effective as of the date the reestablished former electric cooperative begins to provide service to its members or stockholders. The merger or consolidation is revoked with respect to the former electric cooperative as of the same date.

Subd. 2. [MEMBERS.] The members or stockholders of the existing electric cooperative who reside or are located in the service territory of the former electric cooperative are members or stockholders of the reestablished cooperative upon issuance of the commission order under subdivision 1. The members or stockholders of the reestablished cooperative also remain members or stockholders of the existing electric cooperative until the date the reestablished former electric cooperative begins to provide electric service to its members or stockholders.

Subd. 3. [INITIAL MEETING; BOARD OF DIRECTORS.] As part of the order required by subdivision 1, the commission shall set the date, time, and place of the first meeting of the reestablished former electric cooperative. The meeting must be held, if possible, at a location in the service territory of the reestablished former electric cooperative and must be held within 30 days of issuance of the order. The commission shall designate one of the petitioners to call the meeting to order. At the meeting, the members shall elect a board of directors. The terms of the board of directors must be staggered if necessary to be consistent with the articles and bylaws of the reestablished former electric cooperative. The commission shall send notice of the meeting to persons who received ballots pursuant to section 308A.811.

Subd. 4. [ARTICLES OF ASSOCIATION.] The articles of association of the former electric cooperative in effect just prior to the merger or consolidation are the articles of the reestablished former electric cooperative upon issuance of an order by the commission reestablishing the former electric cooperative until new or amended articles are adopted by the reestablished former electric cooperative.

Subd. 5. [BYLAWS.] The bylaws of the former electric cooperative in effect just prior to the date of the merger or consolidation are the bylaws of the reestablished former electric cooperative upon issuance of an order by the commission reestablishing the former electric cooperative until new or amended bylaws are adopted by the reestablished former electric cooperative.

Subd. 6. [CRITERIA FOR DISTRIBUTING ASSETS AND LIABILITIES; ORDER; DEADLINE.] (a) Within 30 days after the initial meeting of the reestablished former electric cooperative, the commission shall commence a proceeding to determine how to allocate the assets and liabilities of the existing electric cooperative between that electric cooperative and the

reestablished former electric cooperative. The commission shall issue an order allocating the assets and liabilities within 120 days after commencing the proceeding.

(b) To the extent reasonably possible taking into consideration the legal rights of secured lenders, the commission shall allocate assets and liabilities according to the criteria set forth in this subdivision.

(c) The reestablished former electric cooperative shall receive all assets that the former electric cooperative contributed to the existing electric cooperative as part of the merger or consolidation that have not been sold including, but not limited to, any buildings, electric system infrastructure, equipment, and membership or stock in a generation and transmission cooperative.

(d) The reestablished former electric cooperative shall receive monetary compensation for the sale price of all assets that the former electric cooperative contributed to the existing electric cooperative as part of the merger or consolidation that have been sold since the merger or consolidation, plus interest on the sale price at an annual rate equal to the current interest rate on one-year U.S. Treasury bonds for the period from the time the asset was sold until the allocation of assets and liabilities under this section.

(e) The reestablished former cooperative shall receive any assets acquired or infrastructure improvements made since the existing electric cooperative was established that are at a fixed location in the service territory of the former electric cooperative.

(f) The reestablished former electric cooperative shall receive monetary compensation for a fair share of any other assets acquired or any other infrastructure improvements made since the existing electric cooperative was established taking into consideration the value of the assets and any monetary compensation it will receive under paragraphs (d) and (e).

(g) The existing electric cooperative shall keep its remaining assets.

(h) The liabilities of the existing electric cooperative must be fairly apportioned between the existing electric cooperative and the reestablished former electric cooperative, taking into consideration the liabilities of the former electric cooperative at the time of the merger or consolidation and the liabilities that the existing electric cooperative has incurred since the consolidation or merger. The commission may require the sale of assets as part of an order under this subdivision. The commission may contract with an asset valuation expert to provide assistance to the commission in its performance of duties under this section.

Subd. 7. [ALLOCATING ASSETS AND LIABILITIES; ORDER; DEADLINE.] The existing electric cooperative shall distribute the assets, liabilities, and any monetary compensation to the reestablished former electric cooperative in accordance with the order adopted by the commission under subdivision 6 within 60 days of the issuance of the order. As part of the allocation process, the existing electric cooperative shall transfer the title of property allocated to the reestablished former electric cooperative to that reestablished cooperative. If the existing electric cooperative fails to comply with the requirements of the order within the time allowed in this subdivision, the commission may order the existing electric cooperative to take steps, including the sale of assets, that the commission determines are necessary to ensure compliance with the order.

Subd. 8. [TRANSITION PLAN.] The existing electric cooperative and the reestablished former electric cooperative shall submit a transition plan to the commission within 30 days after issuance of the order under subdivision 6 relating to allocation of assets. The plan must address the transition in electric service from the existing electric cooperative to the reestablished former electric cooperative for members or stockholders of the reestablished electric cooperative in a manner that ensures that the members or stockholders do not incur an interruption in service. The commission shall approve or modify the plan to meet the requirements of this subdivision. If the existing electric cooperative and reestablished former electric cooperative are unable to reach an agreement on a transition plan by the date required under this section, the commission shall issue an order providing for an orderly transition in electric service.

Subd. 9. [ELECTRIC SERVICE FOR MEMBERS.] The existing electric cooperative shall

continue to provide electric service to members or stockholders who reside in the service territory of the former electric cooperative, on the same terms and conditions upon which it provides service to other members or stockholders, until the date that the reestablished electric cooperative begins to provide electric service to its members or stockholders.

Subd. 10. [SERVICE TERRITORIES.] Effective the date that the reestablished former electric cooperative begins to provide electric service, the service territory of the reestablished former electric cooperative is the service territory of the former electric cooperative. Effective the same date, the service territory of the existing electric cooperative is its existing service territory prior to the revocation less the service territory of the reestablished former electric cooperative.

Subd. 11. [EMPLOYEES.] (a) To the extent reasonably possible and permitted by law, the reestablished former electric cooperative shall hire employees of the existing electric cooperative who work in the service area of the former electric cooperative and who wish to work for the reestablished former electric cooperative.

(b) With respect to employees who leave the existing electric cooperative to work for the reestablished former electric cooperative, the reestablished former electric cooperative shall abide by the terms of any contract between union employees and the existing electric cooperative that exists at the time of the revocation of the merger or consolidation. This requirement applies for the remainder of the contract period.

(c) To the extent permitted by law, the existing electric cooperative shall transfer the pension funds of employees of the existing electric cooperative who leave to work for the reestablished former electric cooperative to the reestablished former electric cooperative. For purposes of this section, the pension funds of an employee includes the amount of pension funds the employee accrued as of the date of the merger or consolidation plus the amount of benefits the employee would have accrued prior to the time the employee leaves to work for the reestablished former electric cooperative had the pension plan of the existing electric cooperative remained invested as it had been invested by the former electric cooperative. The pension funds shall be managed by the reestablished former electric cooperative for the benefit of the employees to whom they belong.

Sec. 5. [308A.813] [MERGER AND CONSOLIDATION OF ELECTRIC COOPERATIVES; COMPLETE REVOCATION.]

Subdivision 1. [REESTABLISHING FORMER ELECTRIC COOPERATIVES; ORGANIZATION.] A merger or consolidation involving three or more electric cooperatives effective after December 29, 1996, and before January 1, 2001, may be completely revoked within five years of its adoption in accordance with this section. If members or stockholders who reside or are located in each of the former electric cooperatives that merged or were consolidated into the existing electric cooperative vote under section 308A.811 within 45 days of each other to revoke the merger or consolidation, each of the former electric cooperatives that comprise the existing electric cooperative must be reestablished in accordance with section 308A.812. The membership, articles, and bylaws of each of the reestablished cooperatives are established pursuant to section 308A.812, subdivisions 2, 4, and 5. The commission shall set and provide notice of the initial meeting of each of the reestablished former electric cooperatives under section 308A.812, subdivision 3.

Subd. 2. [ALLOCATING ASSETS AND LIABILITIES; ORDER; DEADLINE.] (a) Within 30 days of the latest initial meeting of the reestablished former electric cooperatives, the commission shall commence a proceeding to determine how to allocate the assets and liabilities of the existing electric cooperative between the reestablished former electric cooperatives. The commission shall issue an order allocating the assets and liabilities of the existing electric cooperative between the reestablished former electric cooperatives within 120 days after commencing the proceeding.

(b) To the extent possible, taking into consideration the legal rights of secured lenders, the commission shall allocate the assets and liabilities of the existing electric cooperative among the reestablished former electric cooperatives in a manner that places the parties as close as reasonably possible to the position they would have been in had there been no merger or

consolidation of those parties while fairly allocating assets and liabilities acquired and incurred since the merger or consolidation. The commission may require the sale of assets as part of the order.

(c) The existing electric cooperative shall distribute the assets and liabilities to the reestablished former electric cooperatives in accordance with the order within 60 days of the issuance of the order. As part of the allocation process, the existing electric cooperative shall transfer the title of the property allocated to each of the reestablished former electric cooperatives to the respective cooperative. If the existing electric cooperative fails to comply with the requirements of the order within the allowed time, the commission may order the existing electric cooperative to take steps, including the sale of assets, that the commission determines are necessary to ensure compliance with the order.

Subd. 3. [TRANSITION.] The existing electric cooperative and the reestablished former electric cooperative shall submit a transition plan to the commission within 30 days after issuance of the order under this section relating to allocation of assets. The plan must address the transition in electric service from the existing electric cooperative to the reestablished former electric cooperatives for members or stockholders in a manner that ensures that the members or stockholders do not incur an interruption in service. The commission shall approve or modify the plan to meet the requirements of this subdivision. If the existing electric cooperative and reestablished former electric cooperatives are unable to reach an agreement by the date required under this section, the commission shall issue an order providing for an orderly transition in electric service. The existing electric cooperative shall continue to provide electric service to members or stockholders until the date that the reestablished electric cooperatives begin to provide electric service to their members or stockholders.

Subd. 4. [SERVICE TERRITORIES.] Effective the date the reestablished former electric cooperatives begin to provide electric service, the service territories of the reestablished former electric cooperatives are the respective service territories of the former electric cooperatives. Effective the same date, the merger or consolidation is revoked and the existing electric cooperative ceases to exist.

Subd. 5. [EMPLOYEES.] (a) To the extent reasonably possible and permitted by law, the reestablished former electric cooperatives shall hire employees of the existing electric cooperative who work in the respective service areas of the former electric cooperatives and who wish to work for the respective reestablished former electric cooperatives.

(b) With respect to employees who leave the existing electric cooperative to work for a reestablished former electric cooperative, the reestablished former electric cooperative must abide by the terms of any contract between union employees and the existing electric cooperative that exists at the time of the revocation of the merger or consolidation. This requirement applies for the remainder of the contract period.

(c) To the extent permitted by law, the existing electric cooperative shall transfer the pension funds of employees of the existing electric cooperative who leave to work for a reestablished former electric cooperative to that reestablished former electric cooperative. For purposes of this section, the pension funds of an employee includes the amount of pension funds the employee accrued as of the date of the merger or consolidation plus the amount of benefits the employee would have accrued prior to the time the employee leaves to work for that reestablished former electric cooperative had the pension plan of the existing electric cooperative remained invested as it had been invested by the respective former electric cooperative. The pension funds shall be managed by the reestablished former electric cooperative for the benefit of the employees to whom they belong.

Sec. 6. [308A.814] [CREDITORS.]

The rights of a creditor may not be impaired by the revocation of a merger or consolidation of electric cooperatives under sections 308A.810 to 308A.813 without the creditor's consent.

Sec. 7. [MEMBER DUE PROCESS.]

Minnesota Statutes, section 216B.027, granting rights to stockholders, applies to the exercise of stockholders' rights under Minnesota Statutes, sections 308A.810 to 308A.814, regardless of whether a referendum has been held as required by Minnesota Statutes, section 216B.027, subdivision 7. Notwithstanding Minnesota Statutes, section 216B.027, subdivision 6, the cooperative shall pay the costs of including stockholders' positions on issues as provided under Minnesota Statutes, section 216B.027, subdivision 6.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment and apply to mergers and consolidations adopted after December 29, 1996, and before January 1, 2001."

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

Senator Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 2828: A bill for an act relating to gambling; regulating and prohibiting certain activities with respect to gambling; regulating shipment of gambling devices; providing penalties; amending Minnesota Statutes 1998, sections 299L.07, subdivision 10; 349.2125, subdivision 1; 609.75, by adding subdivisions; 609.76, subdivision 2, and by adding subdivisions; and 609.762, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 240; and 609.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. [RESTRICTIONS.] (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law Number 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; or

(4) a person in another state who is authorized under the laws of that state to possess the gambling device.

Sec. 2. Minnesota Statutes 1998, section 299L.07, subdivision 10, is amended to read:

Subd. 10. [TRANSPORTATION OF GAMBLING DEVICES.] In addition to the requirements of this section, the transportation of gambling devices into or out of Minnesota must be in compliance with United States Code, title 15, sections 1171 to 1177, as amended.

Sec. 3. Minnesota Statutes 1998, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are contraband:

(1) all pull-tab or tipboard deals or paddleticket cards not stamped or bar coded in accordance with this chapter or chapter 297E;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;

(5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce between locations outside this state, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clauses (1) and (12);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter;

(10) any gambling equipment kept in violation of section 349.18;

(11) any gambling equipment not in conformity with law or board rule;

(12) any pull-tab or tipboard deal in the possession of a person other than a licensed distributor or licensed manufacturer for which the person, upon demand of a licensed peace officer or authorized agent of the commissioner of revenue or director of alcohol and gambling enforcement, does not immediately produce for inspection the invoice or a true and correct copy of the invoice for the acquisition of the deal from a licensed distributor; ~~and~~

(13) any pull-tab or tipboard deals or portions of deals on which the tax imposed under chapter 297E has not been paid; ~~and~~

(14) any device prohibited by section 609.76, subdivisions 4 to 6.

Sec. 4. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 4a. [ASSOCIATED EQUIPMENT.] Associated equipment means any equipment used in connection with gambling that would not be classified as a gambling device, including but not limited to: cards, dice, computerized systems of betting at a race book or sports pool, computerized systems for monitoring slot machines or games of chance, devices for weighing or counting money, and links which connect progressive slot machines.

Sec. 5. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 10. [GAME.] A game means any game played with cards, dice, equipment, or any mechanical or electronic device or machine for money or other value, whether or not approved by law, and includes, but is not limited to: card and dice games of chance, slot machines, banking or percentage games, video games of chance, sports pools, pari-mutuel betting, and race book. "Game" does not include any private social bet.

Sec. 6. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 11. [AUTHORIZED GAMBLING ACTIVITY.] An authorized gambling activity means any form of gambling authorized by and operated in conformance with law.

Sec. 7. Minnesota Statutes 1998, section 609.75, is amended by adding a subdivision to read:

Subd. 12. [AUTHORIZED GAMBLING ESTABLISHMENT.] An authorized gambling establishment means any premises where gambling authorized by law is occurring.

Sec. 8. Minnesota Statutes 1998, section 609.76, subdivision 2, is amended to read:

Subd. 2. [FELONY GAMBLING SPORTS BOOKMAKING.] Whoever engages in sports bookmaking is guilty of a felony.

Sec. 9. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 3. [CHEATING.] Whoever cheats in a game, as described in this subdivision, is subject to the following penalties:

(i) if the person holds a license related to gambling or is an employee of the licensee, the person is guilty of a felony; and

(ii) any other person is guilty of a gross misdemeanor. Any person who is a repeat offender is guilty of a felony.

A person cheats in a game by intentionally:

(1) altering or misrepresenting the outcome of a game or event on which wagers have been made, after the outcome is determined, but before the outcome is revealed to the players;

(2) placing, canceling, increasing, or decreasing a bet after acquiring knowledge, not available to other players, of the outcome of the game or subject of the bet, or of events affecting the outcome of the game or subject of the bet;

(3) claiming or collecting money or anything of value from a game or authorized gambling establishment not won or earned from the game or authorized gambling establishment;

(4) manipulating a gambling device or associated equipment to affect the outcome of the game or the number of plays or credits available on the game; or

(5) otherwise altering the elements of chance or methods of selection or criteria which determine the result of the game or amount or frequency of payment of the game.

Sec. 10. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 4. [CERTAIN DEVICES PROHIBITED.] (a) Whoever uses or possesses a probability-calculating or outcome-affecting device at an authorized gambling establishment is guilty of a felony. For purposes of this subdivision, a "probability-calculating" or "outcome-affecting" device is any device to assist in:

(1) projecting the outcome of a game other than pari-mutuel betting authorized by chapter 240;

(2) keeping track of or counting cards used in a game;

(3) analyzing the probability of the occurrence of an event relating to a game other than pari-mutuel betting authorized by chapter 240; or

(4) analyzing the strategy for playing or betting in a game other than pari-mutuel betting authorized by chapter 240.

For purposes of this section, a book, graph, periodical, chart, or pamphlet is not a "probability-calculating" or "outcome-affecting" device.

(b) Whoever uses, or possesses with intent to use, a key or other instrument for the purpose of opening, entering, and affecting the operation of any game or gambling device or for removing money, chips, tokens, or other contents from therein, is guilty of a felony. This paragraph does not apply to an agent or employee of an authorized gambling establishment acting within the scope of employment.

Sec. 11. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 5. [COUNTERFEIT CHIPS PROHIBITED.] Whoever intentionally uses counterfeit

chips or tokens to play a game designed to be played with or operated by chips or tokens is guilty of a felony. For purposes of this subdivision, counterfeit chips or tokens are chips or tokens not approved by the government regulatory agency for use in an authorized gambling activity.

Sec. 12. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 6. [MANUFACTURE, SALE, AND MODIFICATION PROHIBITED.] (a) Whoever manufactures, sells, distributes, or otherwise provides cards, chips, tokens, dice, or other equipment or devices intended to be used to violate this section, is guilty of a felony.

(b) Whoever intentionally marks, alters, or otherwise modifies lawful associated equipment or gambling devices for the purpose of violating this section is guilty of a felony.

Sec. 13. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 7. [INSTRUCTION.] Whoever instructs another person to violate the provisions of this section, with the intent that the information or knowledge conveyed be used to violate this section, is guilty of a felony.

Sec. 14. Minnesota Statutes 1998, section 609.76, is amended by adding a subdivision to read:

Subd. 8. [VALUE OF CHIPS OR TOKENS.] The value of chips or tokens approved for use in a game designed to be played with or operated by chips or tokens, as the term "value" is used in section 609.52, is the amount or denomination shown on the face of the chip or token representing United States currency. Chips used in tournament play at a card club at a class A facility have no United States currency value.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; regulating and prohibiting certain activities with respect to gambling; regulating shipment of gambling devices; providing penalties; amending Minnesota Statutes 1998, sections 299L.07, subdivisions 2a and 10; 349.2125, subdivision 1; 609.75, by adding subdivisions; and 609.76, subdivision 2, and by adding subdivisions."

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 2894: A bill for an act relating to occupational safety and health; classifying certain communications regarding discrimination complaints as privileged; amending Minnesota Statutes 1998, section 182.669, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 3455: A bill for an act relating to crime prevention; limiting the liability of financial institutions that provide information in good faith on stolen, forged, or fraudulent checks in the course of an investigation; making it a crime to falsely report stolen checks to a financial institution or to possess, sell, receive, or transfer stolen or counterfeit checks; providing criminal penalties and forfeiture remedies for such conduct; expanding the racketeering crime to include organized criminal activity involving stolen or counterfeit checks; making technical corrections to certain penalties; amending Minnesota Statutes 1998, section 299A.61, subdivision 3; Minnesota Statutes 1999 Supplement, sections 609.527, subdivision 3; 609.531, subdivision 1; and 609.902, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 3108: A bill for an act relating to corrections; regulating telephone access of persons restrained in local and state correctional facilities; limiting penalties; amending Minnesota Statutes 1998, section 481.10.

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

Senator Sams from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 3223: A bill for an act relating to agriculture; providing for uniformity in meat and poultry inspection; amending Minnesota Statutes 1998, sections 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; and 31A.17; Minnesota Statutes 1999 Supplement, sections 31A.01; and 31A.15, subdivision 1.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

FARMER-LENDER MEDIATION

Section 1. [REPEALER.]

(a) Minnesota Statutes 1998, section 583.21, is repealed.

(b) Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; Laws 1993, First Special Session chapter 2, article 6, section 2; Laws 1995, chapter 212, article 2, section 11; Laws 1997, chapter 183, article 3, section 29; Laws 1998, chapter 395, section 7; Laws 1998, chapter 402, section 6; and Laws 1999, chapter 214, article 2, section 19, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 2

CERTIFICATIONS AND INSPECTIONS

Section 1. [17.1025] [MINNESOTA CERTIFICATION PROGRAM.]

In cooperation with the University of Minnesota, the department of trade and economic development, and the board of animal health, the commissioner shall establish a pilot program to certify agricultural production methods and agricultural products grown or processed within the state to assure the integrity of claims made by participating businesses. The commissioner may select and cooperate with private organizations that have established procedures and safeguards to justify claimed characteristics of the production process or the final certified product to conduct certification activities for third party producers.

The commissioner may establish guidelines for the certification program, which are not subject to chapter 14. The commissioner shall submit a report on the pilot program to the legislature by February 1, 2001.

Sec. 2. Minnesota Statutes 1998, section 27.01, subdivision 8, is amended to read:

Subd. 8. [WHOLESALE PRODUCE DEALER.] (a) "Wholesale produce dealer" or "dealer at wholesale" means:

- (1) a person who buys or contracts to buy produce in wholesale lots for resale;
 - (2) a person engaging in the business of a broker or agent, who handles or deals in produce for a commission or fee;
 - (3) a truck owner or operator who buys produce in wholesale lots for resale; ~~and~~
 - (4) a person engaged in the business of a cannery, food manufacturer, or food processor, who purchases produce in wholesale lots as a part of that business; and
 - (5) a person who contracts with a producer to grow, raise, or provide produce in Minnesota.
- (b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota sellers must total more than \$12,000 annually.

(c) "Wholesale produce dealer" or "dealer at wholesale" does not include:

- (1) a truck owner and operator who regularly engages in the business of transporting freight, including produce, for a transportation fee only, and who does not purchase, contract to purchase, or sell produce;
- (2) a marketing cooperative association in which substantially all of the voting stock is held by patrons who patronize the association and in which at least 75 percent of the business of the association is transacted with member or stockholder patrons;
- (3) a person who purchases Minnesota seasonally grown perishable fresh fruits and vegetables, and pays cash, including lawful money of the United States, a cashier's check, a certified check, or a bank draft;
- (4) a person who handles and deals in only canned, packaged, or processed produce or packaged dairy products that are no longer perishable as determined by the commissioner by rule; or
- (5) retail merchants who purchase produce, defined in subdivision 2, directly from farmers, which in the aggregate does not exceed \$500 per month.

Sec. 3. Minnesota Statutes 1998, section 27.01, is amended by adding a subdivision to read:

Subd. 11. [PRODUCER.] "Producer" means a person who produces or causes to be produced produce in a quantity beyond the person's own family use.

Sec. 4. Minnesota Statutes 1998, section 27.19, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS.] (a) A person subject to the provisions of this section and sections 27.01 to 27.14 may not:

- (1) operate or advertise to operate as a dealer at wholesale without a license;
- (2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;
- (3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;
- (4) fail to account or make a settlement for produce within the required time;
- (5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the ~~purchase~~ production or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 28A.075, is amended to read:

28A.075 [DELEGATION TO LOCAL BOARD OF HEALTH.]

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. Retail grocery or convenience stores inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate grocery and convenience stores and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

Sec. 6. Minnesota Statutes 1998, section 31.632, is amended to read:

31.632 [MINNESOTA APPROVED MEATS; USE OF LABEL.]

The commissioner may authorize, pursuant to rules promulgated in the manner provided by law, the use of the label "Minnesota Approved" on meats and, meat products, poultry, and poultry products processed by persons licensed under sections 31.51 to 31.58, or by establishments under the inspection program of the United States Department of Agriculture, if the ingredients of such the poultry, poultry products, meats, and meat products are meat, meat by-products, poultry, poultry products, or meat food products which have been inspected and passed by the United States Department of Agriculture, or the Minnesota department of agriculture and further if such the poultry, poultry products, meats, and meat products, after such processing, are sound, healthful, wholesome, and fit for human food. A person or establishment desiring to label poultry, poultry products, meats, and meat products as provided in this section shall apply to the commissioner for authority to do so. The commissioner shall grant this authority to the applicant if the applicant complies with the provisions of this section and rules promulgated pursuant to this section. A person using the label "Minnesota Approved" on poultry, poultry products, meat and, or meat products contrary to law is guilty of a misdemeanor.

Sec. 7. Minnesota Statutes 1998, section 31.633, subdivision 1, is amended to read:

Subdivision 1. [MENU REQUIREMENT.] Any restaurant, eating place, or other establishment serving meat or poultry in any form to the public, ~~which meat that~~ has any filler or meat or poultry substitute added to it or incorporated in it, shall clearly and prominently indicate on its menu or bill of fare the meat entrees that contain filler or meat or poultry substitutes.

Sec. 8. Minnesota Statutes 1998, section 31.651, is amended to read:

31.651 [KOSHER PRODUCTS, UNLAWFUL SALE.]

Subdivision 1. [KOSHER REQUIREMENTS.] No person shall sell or expose for sale any poultry, poultry products, meat, or meat preparations and falsely represent the same to be kosher, whether such poultry, poultry products, meat, or meat preparations be raw or prepared for human consumption; nor shall the person permit any such products or the contents of any package or container to be labeled or to have inscribed thereon the word "kosher" in any language unless such products shall have been prepared or processed in accordance with orthodox Hebrew religious requirements sanctioned by a recognized rabbinical council.

Subd. 2. [NOTICE REQUIRED.] Any person who sells or exposes for sale in the same place of business both kosher and nonkosher poultry, meat, or meat preparations, either raw or prepared for human consumption, shall indicate on window signs and all display advertising, in block letters at least four inches in height, "kosher and nonkosher meat and poultry sold here"; and shall display over each kind of poultry, meat, or meat preparation so exposed a sign, in block letters at least two inches in height, reading, "kosher meat," or "kosher poultry," "nonkosher meat," or "nonkosher poultry," as the case may be; provided that subdivision 2 shall not apply to persons selling or offering for sale kosher poultry, poultry products, meats, or meat products solely in separate consumer packages, which have been prepackaged and properly labeled "kosher."

Subd. 3. [PRESUMPTION.] Possession of nonkosher poultry, poultry products, meat, or meat preparations in any place of business shall be presumptive evidence that the person in possession thereof exposes the same for sale.

Subd. 4. [PRIMA FACIE EVIDENCE.] The absence of a duly sanctioned kosher "plumba," mark, stamp, tag, brand, or label from any poultry, poultry products, meat, meat preparation, or food product shall be prima facie evidence that such product is nonkosher.

Sec. 9. Minnesota Statutes 1999 Supplement, section 31A.01, is amended to read:

31A.01 [POLICY.]

Meat, poultry, poultry food products, and meat food products are an important source of the

nation's total supply of food. It is essential in the public interest that the health and welfare of consumers be protected by assuring that meat, poultry, and meat food products distributed to them are wholesome, unadulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or misbranded meat, poultry, poultry food products, or meat food products injure the public welfare, destroy markets for wholesome, unadulterated, and properly labeled and packaged meat, poultry, poultry food products, and meat food products, and result in losses to livestock producers and processors of meat, poultry, poultry food products, and meat food products and injury to consumers. Unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with wholesome, unadulterated, and properly labeled and packaged articles, to the detriment of consumers and the general public.

Regulation by the commissioner and cooperation between this state and the United States under this chapter are appropriate to protect the health and welfare of consumers and accomplish the purposes of this chapter.

Sec. 10. Minnesota Statutes 1998, section 31A.02, subdivision 5, is amended to read:

Subd. 5. [CUSTOM PROCESSING.] "Custom processing" means slaughtering, eviscerating, dressing, or processing an animal or processing meat products or poultry products for the owner of the animal or of the meat products and poultry products, if all meat products or poultry products derived from the custom operation are returned to the owner of the animal or of the meat products or poultry products. No person may sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 11. Minnesota Statutes 1998, section 31A.02, subdivision 6, is amended to read:

Subd. 6. [MEAT BROKER.] "Meat broker" means a person in the business of buying or selling carcasses, parts of carcasses, meat, or meat food products, poultry, or poultry products of animals on commission, or otherwise negotiating purchases or sales of those articles other than for the person's own account or as an employee of another person, firm, or corporation.

Sec. 12. Minnesota Statutes 1998, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [MEAT FOOD PRODUCT; POULTRY FOOD PRODUCT.] "Meat food product" or "poultry food product" means a product usable as human food and made wholly or in part from meat or poultry or a portion of the carcass of cattle, sheep, swine, poultry, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" or "poultry food product" does not include products which contain meat, poultry, or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product or poultry food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products or poultry food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 13. Minnesota Statutes 1998, section 31A.02, subdivision 13, is amended to read:

Subd. 13. [ADULTERATED.] "Adulterated" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

(a) if it bears or contains a poisonous or harmful substance which may render it injurious to health; but if the substance is not an added substance, the article is not adulterated if the quantity of the substance in or on the article does not ordinarily make it injurious to health;

(b) if it bears or contains, by administration of a substance to the live animal or otherwise, an added poisonous or harmful substance, other than (1) a pesticide chemical in or on a raw agricultural commodity; (2) a food additive; or (3) a color additive, which may, in the judgment of the commissioner, make the article unfit for human food;

(c) if it is, in whole or in part, a raw agricultural commodity that bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

(d) if it bears or contains a food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

(e) if it bears or contains a color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act;

(f) if it contains a filthy, putrid, or decomposed substance or is for any other reason unfit for human food;

(g) if it has been prepared, packed, or held under unsanitary conditions so that it may be contaminated with filth or harmful to health;

(h) if it is wholly or partly the product of an animal which has died otherwise than by slaughter;

(i) if its container is wholly or partly composed of a poisonous or harmful substance which may make the contents harmful to health;

(j) if it has been intentionally subjected to radiation, unless the use of the radiation conformed with a regulation or exemption in effect under section 409 of the Federal Food, Drug, and Cosmetic Act;

(k) if a valuable constituent has been wholly or partly omitted or removed from it; if a substance has been wholly or partly substituted for it; if damage or inferiority has been concealed; or if a substance has been added to it or mixed or packed with it so as to increase its bulk or weight, reduce its quality or strength, or make it appear better or of greater value than it is; or

(l) if it is margarine containing animal fat and any of the raw material used in it wholly or partly consisted of a filthy, putrid, or decomposed substance.

Sec. 14. Minnesota Statutes 1998, section 31A.02, subdivision 14, is amended to read:

Subd. 14. [MISBRANDED.] "Misbranded" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

(a) if its labeling is false or misleading;

(b) if it is offered for sale under the name of another food;

(c) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" followed immediately by the name of the food imitated;

(d) if its container is made, formed, or filled so as to be misleading;

(e) if its package or other container does not have a label showing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count subject to reasonable variations permitted and exemptions for small packages established in rules of the commissioner;

(f) if a word, statement, or other information required by or under authority of this chapter to appear on the label or other labeling is not prominently and conspicuously placed on the label or labeling in terms that make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;

(g) if it is represented as a food for which a definition and standard of identity or composition has been prescribed by rules of the commissioner under section 31A.07, unless (1) it conforms to the definition and standard, and (2) its label bears the name of the food specified in the definition and standard and, if required by the rules, the common names of optional ingredients, other than spices, flavoring, and coloring, present in the food;

(h) if it is represented as a food for which a standard of fill of container has been prescribed by rules of the commissioner under section 31A.07, and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form the rules specify, a statement that it falls below the standard;

(i) if it is not subject to paragraph (g), unless its label bears (1) the usual name of the food, if there is one, and (2) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that spices, flavorings, and colorings may, when authorized by the commissioner, be designated as spices, flavorings, and colorings without naming each. To the extent that compliance with clause (2) is impracticable, or results in deception or unfair competition, the commissioner shall establish exemptions by rule;

(j) if it purports to be or is represented for special dietary uses, unless its label bears the information concerning its vitamin, mineral, and other dietary properties that the commissioner, after consultation with the Secretary of Agriculture of the United States, determines by rule to be necessary to inform purchasers of its value for special dietary uses;

(k) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact;

(l) if it fails to bear, directly or on its container, as the commissioner by rule prescribes, the inspection legend and other information the commissioner may require by rule to assure that it will not have false or misleading labeling and that the public will be told how to keep the article wholesome.

Sec. 15. Minnesota Statutes 1998, section 31A.03, is amended to read:

31A.03 [INSPECTION OF LIVE ANIMALS; DISPOSITION OF DEFECTIVE ANIMALS.]

To prevent the use in intrastate commerce of adulterated meat ~~and~~, meat food products, poultry, and poultry food products, the commissioner shall appoint inspectors and have them examine and inspect all animals before the animals enter a slaughtering, packing, meat canning, rendering, or similar establishment in this state in which slaughtering of animals and preparation of meat ~~and~~, meat food products, poultry, and poultry food products are conducted solely for intrastate commerce. Animals found on inspection to show symptoms of disease must be set apart and slaughtered separately from other animals. The carcasses of those animals must be carefully examined and inspected under rules of the commissioner.

Sec. 16. Minnesota Statutes 1998, section 31A.05, is amended to read:

31A.05 [APPLICATION OF INSPECTION PROVISIONS.]

Sections 31A.03 and 31A.04 apply to carcasses or parts of animals, poultry, or poultry food products, and meat or meat products derived from them that are usable as human food, when these items are brought into a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where inspection under sections 31A.01 to 31A.16 is done. Examination and inspection must be made before the carcasses or animal parts may enter into a department where they are to be treated and prepared for meat food products or poultry food products.

Sections 31A.03 and 31A.04 also apply to products which, after having been issued from a slaughtering, meat canning, salting, packing, rendering, or similar establishment, must be returned to it or to a similar establishment where inspection is done.

The commissioner may limit the entry of carcasses, parts of carcasses, poultry, poultry food products, meat ~~and~~, meat food products, and other materials into an establishment where inspection under sections 31A.01 to 31A.16 is done to conditions the commissioner prescribes to assure that allowing the entry of articles into inspected establishments is consistent with the purposes of this chapter.

Sec. 17. Minnesota Statutes 1998, section 31A.06, is amended to read:

31A.06 [INSPECTORS' DUTIES.]

The commissioner shall appoint inspectors to examine and inspect poultry food products and meat food products prepared in a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where the articles are prepared solely for intrastate commerce. For examination and inspection purposes, the inspectors must be given access at all times, whether the establishment is operated or not, to every part of the establishment. The inspectors shall mark, stamp, tag, or label as "Minnesota Inspected and Passed" all products found to be unadulterated, and the inspectors shall label, mark, stamp, or tag as "Minnesota Inspected and Condemned" all products found to be adulterated. Condemned meat food products or poultry food products must be destroyed for food purposes under section 31A.04. The commissioner may remove inspectors from an establishment which fails to destroy condemned poultry food products or meat food products.

Sec. 18. Minnesota Statutes 1998, section 31A.07, subdivision 1, is amended to read:

Subdivision 1. [LABELING; PACKING.] When poultry, poultry food products, meat, or a meat food product prepared for intrastate commerce which has have been inspected and marked "Minnesota Inspected and Passed" is are placed or packed in a can, pot, tin, canvas, or other receptacle or covering in an establishment where inspection is done under sections 31A.01 to 31A.31, the person, firm, or corporation preparing the product shall have a label attached to the can, pot, tin, canvas, or other receptacle or covering, under supervision of an inspector. The label must state that the contents have been "Minnesota Inspected and Passed" under sections 31A.01 to 31A.31. An inspection or examination of poultry, poultry food products, meat, or meat food products deposited or enclosed in cans, tins, pots, canvas, or other receptacles or coverings in an establishment where inspection is done under this chapter is not complete until the poultry, poultry food products, meat, or meat food products have been sealed or enclosed in the can, tin, pot, canvas, or other receptacle or covering under the supervision of an inspector.

Sec. 19. Minnesota Statutes 1998, section 31A.07, subdivision 2, is amended to read:

Subd. 2. [LABELS; MARKS.] All carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products inspected at an establishment under this chapter and found not to be adulterated, must when they leave the establishment bear, directly or on their containers, legible labels or official marks as required by the commissioner.

Sec. 20. Minnesota Statutes 1998, section 31A.08, is amended to read:

31A.08 [RULES.]

The commissioner shall have experts in sanitation or other competent inspectors inspect all slaughtering, meat canning, salting, packing, rendering, or similar establishments in which animals are slaughtered and their poultry, poultry food products, meat, and meat food products are prepared solely for intrastate commerce. The inspections must be conducted as necessary for the commissioner to know the sanitary conditions of the establishments, and to prescribe the rules of sanitation under which the establishments must be maintained. If an establishment has sanitary conditions that allow poultry, poultry food products, meat, or meat food products to become adulterated, the commissioner shall refuse to allow the poultry, poultry food products, meat, or meat food products to be labeled, marked, stamped, or tagged as "Minnesota Inspected and Passed."

Sec. 21. Minnesota Statutes 1998, section 31A.10, is amended to read:

31A.10 [PROHIBITIONS.]

No person may, with respect to an animal, carcass, part of a carcass, poultry, poultry food product, meat, or meat food product:

(1) slaughter an animal or prepare an article that is usable as human food, at any establishment preparing articles solely for intrastate commerce, except in compliance with this chapter;

(2) sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce (i) articles which are usable as human food and are adulterated or misbranded at the time of sale, transportation, offer for sale or transportation, or receipt for transportation; or (ii) articles required to be inspected under sections 31A.01 to 31A.16 that have not been inspected and passed;

(3) do something to an article that is usable as human food while the article is being transported in intrastate commerce or held for sale after transportation, which is intended to cause or has the effect of causing the article to be adulterated or misbranded; or

(4) sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 22. Minnesota Statutes 1998, section 31A.13, is amended to read:

31A.13 [INSPECTORS.]

The commissioner shall appoint inspectors to inspect animals, whole or parts of carcasses, poultry, poultry food products, meat, and meat food products the inspection of which is provided for by law, and the sanitary conditions of all establishments in which the poultry, poultry food products, meat, and meat food products are prepared. Inspectors shall refuse to stamp, mark, tag, or label a whole or part of a carcass or a meat food product derived from it, prepared in an establishment covered by sections 31A.01 to 31A.12, until it has actually been inspected and found to be not adulterated. Inspectors shall perform other duties required by this chapter or by rules adopted by the commissioner that are necessary for the efficient execution of this chapter. Inspections under this chapter must conform to the rules adopted by the commissioner consistent with this chapter.

Sec. 23. Minnesota Statutes 1999 Supplement, section 31A.15, subdivision 1, is amended to read:

Subdivision 1. [INSPECTION.] The provisions of sections 31A.01 to 31A.16 requiring inspection of the slaughter of animals and the preparation of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products at establishments conducting slaughter and preparation do not apply:

(1) to the processing by a person of the person's own animals and the owner's preparation and transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of those animals exclusively for use by the owner and members of the owner's household, nonpaying guests, and employees; or

(2) to the custom processing by a person of cattle, sheep, swine, poultry, or goats delivered by the owner for processing, and the preparation or transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of animals, exclusively for use in the household of the owner by the owner and members of the owner's household, nonpaying guests, and employees. Meat from custom processing of cattle, sheep, swine, poultry, or goats must be identified and handled as required by the commissioner, during all phases of processing, chilling, cooling, freezing, preparation, storage, and transportation. The custom processor may not engage in the business of buying or selling carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products of animals usable as human food unless the carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products have been inspected and passed and are identified as inspected and passed by the Minnesota department of agriculture or the United States Department of Agriculture.

Sec. 24. Minnesota Statutes 1998, section 31A.16, is amended to read:

31A.16 [STORING AND HANDLING CONDITIONS.]

The commissioner may adopt rules prescribing conditions under which carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products of animals usable as human food must be stored or otherwise handled by a person in the business of buying, selling,

freezing, storing, or transporting them, in or for intrastate commerce, if the commissioner considers action necessary to assure that the articles will not be adulterated or misbranded when delivered to the consumer.

Sec. 25. Minnesota Statutes 1998, section 31A.17, is amended to read:

31A.17 [ARTICLES NOT INTENDED AS HUMAN FOOD.]

Inspection must not be provided under sections 31A.01 to 31A.16 at an establishment for the slaughter of animals or the preparation of carcasses or parts or products of animals which are not intended for use as human food. Before they are offered for sale or transportation in intrastate commerce, those articles must be denatured or otherwise identified as prescribed by rules of the commissioner to deter their use for human food, unless they are naturally inedible by humans. No person may buy, sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce, carcasses, parts of carcasses, poultry, poultry food products, meat, or meat food products of animals which are not intended for use as human food unless they are denatured or otherwise identified as required by the rules of the commissioner or are naturally inedible by humans.

Sec. 26. [EFFECTIVE DATE.]

Sections 1 to 25 are effective the day following final enactment.

ARTICLE 3

UPDATING FOOD STANDARDS

Section 1. Minnesota Statutes 1998, section 31.101, as amended by Laws 1999, chapter 231, section 55, is amended to read:

31.101 [RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. [AUTHORITY.] ~~The authority to commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law is vested in the commissioner and is in addition to authority granted in sections 31.10, 31.11, and 31.12. Such~~ The rules when applicable shall must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. [HEARINGS.] Hearings authorized or required by law ~~shall must~~ be conducted by the commissioner or ~~such an~~ an officer, agent, or employee as the commissioner ~~may designate~~ designates for the purpose.

Subd. 3. [~~FEDERAL PESTICIDE CHEMICAL REGULATIONS RULES.~~] Federal pesticide chemical regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 4. [~~FEDERAL FOOD ADDITIVE REGULATIONS RULES.~~] Federal food additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 5. [~~FEDERAL COLOR ADDITIVE REGULATIONS RULES.~~] Federal color additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 6. [~~FEDERAL SPECIAL DIETARY USE REGULATIONS RULES.~~] Federal special dietary use regulations and amendments thereto in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 7. [~~FAIR PACKAGING AND LABELING ACT REGULATIONS RULES.~~] Federal regulations and amendments thereto in effect on April 1, ~~1997~~ 2000, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act; provided that~~ The commissioner shall ~~may not~~ adopt amendments to ~~such these~~ rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations promulgated thereunder adopted under that act.

Subd. 8. [~~FOOD AND DRUGS REGULATIONS RULES.~~] Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, ~~1997~~ 2000, and not otherwise adopted herein, also are adopted as food rules of this state. ~~Such rules may be amended by the commissioner in accordance with the Administrative Procedure Act.~~

Subd. 9. [~~FISHERY PRODUCTS RULES.~~] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 10. [~~MEAT AND POULTRY RULES.~~] Federal regulations in effect on ~~January~~ April 1, ~~1999~~ 2000, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 11. [~~STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS.~~] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Sec. 2. Minnesota Statutes 1998, section 31.102, subdivision 1, is amended to read:

Subdivision 1. [~~IDENTITY, QUANTITY, AND FILL OF CONTAINER RULES.~~] Federal definitions and standards of identity, quality, and fill of container and ~~amendments thereto~~, in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. ~~Such~~ The rules may be amended by the commissioner ~~proceeding in accordance with the Administrative Procedure Act~~ under chapter 14.

Sec. 3. Minnesota Statutes 1998, section 31.103, subdivision 1, is amended to read:

Subdivision 1. [~~CONSUMER COMMODITIES LABELING RULES.~~] All labels of consumer commodities ~~shall~~ must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, ~~1997~~ 2000, ~~promulgated pursuant thereto~~ adopted under authority of that act, except to the extent that the commissioner ~~shall exercise authority to amend such~~ amends the rules in accordance with the Administrative Procedure Act under chapter 14. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act ~~shall~~ are also be exempt from this subdivision.

Sec. 4. Minnesota Statutes 1998, section 31.104, is amended to read:

31.104 [~~FOOD LABELING EXEMPTION RULES.~~]

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling or repacking establishment.

Federal regulations in effect on April 1, 1997 2000, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner ~~shall exercise authority to amend such regulations~~ amends them. The commissioner also may promulgate ~~amendments to amend existing rules concerning exemptions in accordance with the Administrative Procedure Act~~ under chapter 14.

ARTICLE 4

GRANT PROGRAMS

Section 1. Minnesota Statutes 1998, section 17.101, subdivision 5, is amended to read:

Subd. 5. [VALUE-ADDED AGRICULTURAL PRODUCT PROCESSING AND MARKETING GRANT PROGRAM.] (a) For purposes of this section:

(1) "agricultural commodity" means a material produced for use in or as food, feed, seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products, dairy, dairy products, poultry, poultry products, and other products or by-products of the farm produced for the same or similar use, except ethanol; and

(2) "agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from agricultural commodities produced in Minnesota.

(b) The commissioner shall establish and implement a value-added agricultural product processing and marketing grant program to help farmers finance new cooperatives that organize for the purposes of operating agricultural product processing facilities and for marketing activities related to the sale and distribution of processed agricultural products.

(c) To be eligible for this program a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all of the control and equity in the cooperative is from farmers as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily for the processing of agricultural commodities produced in Minnesota;

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and

(5) have no direct or indirect involvement in the production of agricultural commodities.

(d) The commissioner may receive applications from and make grants up to \$50,000 for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents to eligible cooperatives. The commissioner shall give priority to applicants who use the grants for planning costs related to an application for financial assistance from the United States Department of Agriculture, Rural Business - Cooperative Service.

Sec. 2. Minnesota Statutes 1998, section 18.023, subdivision 3a, is amended to read:

Subd. 3a. [GRANTS TO MUNICIPALITIES.] (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make grants-in-aid to a municipality with an approved disease control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to disease or natural disaster. The commissioner may make grants-in-aid to any home rule charter or statutory city, or any special purpose park and recreation board organized under a charter of a city of the first class or any nonprofit corporation serving a city of the first class or any county having an approved disease control program for the acquisition or implementation of a wood utilization or disposal system.

(b) The commissioner shall promulgate rules for the administration of grants authorized by this subdivision. The rules shall establish and contain as a minimum:

- (1) Procedures for grant applications;
- (2) Conditions and procedures for the administration of grants;
- (3) Criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and
- (4) Other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants-in-aid payments for wood utilization and disposal systems made by the commissioner pursuant to this subdivision shall not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation shall be combined into one grant program. Grants to any municipality for sanitation shall not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants or other funds. A municipality shall not specially assess a property owner any amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation shall not exceed 50 percent of the cost, but not more than \$50 per tree, of trees planted pursuant to the reforestation program; provided that a reforestation grant to any county may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property in a town not described in subdivision 1 and of less than 1,000 population upon the town's application to the county. Reforestation grants to towns and home rule charter or statutory cities as described in subdivision 1 of less than 4,000 population with an approved disease control program may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property with the approval of the 1979 application. The governing body of any municipality which receives a reforestation grant pursuant to this section shall appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" shall not include the value of a gift or dedication of trees required by a municipal ordinance but shall include documented "in kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which shall state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1, 1979. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, or county outside the metropolitan area or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease control program.

ARTICLE 5

BOARD OF GRAIN STANDARDS

Section 1. Minnesota Statutes 1998, section 17B.07, is amended to read:

17B.07 [OFFICIAL TITLE OF BOARD; MEETINGS.]

The official title of the board shall be "The Minnesota board of grain standards" and it shall have jurisdiction over all grain appeal cases brought before it.

~~The board shall meet annually on or before June 15, as needed and shall establish the grades of all grain subject to state inspection which shall be known as the "Minnesota grades," and all grain received at any public warehouse shall be graded accordingly. Such grades shall not be changed before the next annual meeting without the concurrence of at least two members of the board. At the time of establishing Minnesota grades, the board also shall adopt such rules, in accordance with the Administrative Procedure Act, as it deems necessary for the enforcement of this section and section 17B.06. In establishing the grades, in addition to the physical qualities of the grain, there shall be taken into consideration the milling and bread-producing quality of all grain products used as human food. The board shall determine the grade, and dockage, if any, of all grain in all cases where appeals from the decisions of the chief inspector have been taken and for such purpose they may request fresh samples of such grain to be furnished directly to the board. Dockage shall be considered as being of two classes; first, that having value and second, that having no value. At the annual meeting the board shall ascertain and determine what dockage contained in grain is of value and publish a list thereof in connection with the publication of the Minnesota grades. Any foreign content of the grain shall not be considered in establishing the grade. Whenever grain containing dockage of value is sold to any public local warehouse or mill, terminal warehouse, or to any flour mill located in St. Paul, Minneapolis, or Duluth, or any other point within the state, which is now or may hereafter be designated as a terminal point, such sale shall not be considered to include such dockage of value, but such dockage shall be paid for at its market value or shall be returned to the vendor of said grain at the option of the vendee.~~

Sec. 2. Minnesota Statutes 1998, section 17B.12, is amended to read:

17B.12 [APPEALS; PROCEDURE.]

~~Any owner, consignee, or shipper of grain, or any warehouse operator, who is dissatisfied with the inspection of grain may appeal to the board of grain standards by filing a notice of such appeal with the commissioner and paying a fee, to be fixed by the commissioner, which shall be refunded if the appeal is sustained. The commissioner shall forthwith promptly transmit the notice to said the board of grain standards. The decision of said the board, fixing the grade of such the grains shall be is final.~~

Sec. 3. Minnesota Statutes 1999 Supplement, section 17B.15, subdivision 1, is amended to read:

~~Subdivision 1. [ADMINISTRATION; APPROPRIATION.] The fees for inspection and weighing shall be fixed by the commissioner and be a lien upon the grain. The commissioner shall set fees for all inspection and weighing in an amount adequate to pay the expenses of carrying out and enforcing the purposes of sections 17B.01 to 17B.23, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule twice each year. Fee adjustments are not subject to chapter 14. Payment shall be required for services rendered. If the grain is in transit, the fees shall be paid by the carrier and treated as advance charges, and, if received for storage, the fees shall be paid by the warehouse operator, and added to the storage charges.~~

All fees collected and all fines and penalties for violation of any provision of this chapter shall be deposited in the grain inspection and weighing account, which is created in the agricultural fund for carrying out the purpose of sections 17B.01 to 17B.23. The money in the account, including interest earned on the account, is annually appropriated to the of agriculture to administer the provisions of sections 17B.01 to 17B.23. When money from any other account is used to administer sections 17B.01 to 17B.23, the commissioner shall notify the chairs of the agriculture, environment and natural resources finance, and ways and means committees of the

house of representatives; the agriculture and rural development and finance committees of the senate; and the finance division of the environment and natural resources committee of the senate.

ARTICLE 6

EGG HANDLING STANDARDS

Section 1. Minnesota Statutes 1998, section 29.23, subdivision 2, is amended to read:

Subd. 2. [EQUIPMENT.] The commissioner shall also by rule provide for minimum plant and equipment requirements for candling, grading, handling and storing eggs, and shall define candling. ~~Equipment in use before July 1, 1991, that does not meet the design and fabrication requirements of this chapter may remain in use if it is in good repair, capable of being maintained in a sanitary condition, and capable of maintaining a temperature of 50 degrees Fahrenheit (10 degrees Celsius) or less.~~

Sec. 2. Minnesota Statutes 1998, section 29.23, subdivision 3, is amended to read:

Subd. 3. [EGG TEMPERATURE.] Eggs must be held at a temperature not to exceed 50 degrees Fahrenheit (10 degrees Celsius) after being received by the egg handler except for cleaning, sanitizing, grading, and further processing when they must immediately be placed under refrigeration that is maintained at 45 degrees Fahrenheit (7 degrees Celsius) or below. Eggs offered for retail sale must be held at a temperature not to exceed 45 41 degrees Fahrenheit (7 5 degrees Celsius). ~~After August 1, 1992, eggs offered for retail sale must be held at a temperature not to exceed 45 degrees Fahrenheit (7 degrees Celsius). Equipment in use prior to August 1, 1991, is not subject to this requirement.~~

Sec. 3. Minnesota Statutes 1998, section 29.23, subdivision 4, is amended to read:

Subd. 4. [VEHICLE TEMPERATURE.] A vehicle used for the transportation of shell eggs from a warehouse, retail store, candling and grading facility, or egg holding facility must have an ambient air temperature of 50 45 degrees Fahrenheit (10 7 degrees Celsius) or below.

Sec. 4. Minnesota Statutes 1998, section 29.26, is amended to read:

29.26 [EGGS IN POSSESSION OF RETAILER.]

All eggs sold or offered for sale at retail must have been candled and graded and must be clearly labeled according to Minnesota consumer grades as established by rule under section 29.23. No eggs shall be sold or offered for sale as "ungraded," "unclassified," or by any other name that does not clearly designate the grade. All eggs in possession of the retailer, either in temporary storage or on display, must be held at a temperature not to exceed 45 41 degrees Fahrenheit (7 5 degrees Celsius).

Candled and graded eggs held 31 days past the coded pack date lose their grades and must be removed from sale.

ARTICLE 7

RURAL FINANCE AUTHORITY

Section 1. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm; and

~~(3) the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 2. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; ~~and~~

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 3. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 4. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 5. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION LIMIT; INTEREST.] The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 6. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed ~~\$35,000~~ or ~~\$100,000~~ \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 7. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

ARTICLE 8

LIVESTOCK DEALERS AND GRAIN BUYERS

Section 1. Minnesota Statutes 1998, section 17A.05, subdivision 2, is amended to read:

Subd. 2. [LIVESTOCK DEALERS.] The amount of each livestock dealer bond filed with the commissioner shall be not less than ~~\$5,000~~ \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.).

When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for the principal's own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

Sec. 2. Minnesota Statutes 1998, section 223.17, subdivision 5, is amended to read:

Subd. 5. [CASH SALES; MANNER OF PAYMENT.] For a cash sale of a shipment of grain which is part of a multiple shipment sale, the grain buyer shall tender payment to the seller in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as possible through ordinary diligence. ~~Any transaction which is not a cash sale in compliance with the provisions of this subdivision constitutes a voluntary extension of credit which is not afforded protection under the grain buyer's bond, and which must comply with sections 223.175 and 223.177.~~

Sec. 3. Minnesota Statutes 1998, section 223.175, is amended to read:

223.175 [WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS; FORM.]

A written confirmation required under section 223.177, subdivision 2, and a written voluntary extension of credit contract must include those items prescribed by the commissioner by rule. A contract shall include a statement of the legal and financial responsibilities of grain buyers and

sellers established in this chapter. A contract shall also include the following statement in not less than ten point, all capital type, framed in a box with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY ANY GRAIN BUYER'S BOND." If a written contract is provided at the time the grain is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath the statement. A transaction that does not meet the provisions of a voluntary extension of credit, including the issuance and signing of a voluntary extension of credit contract, is a cash sale.

Sec. 4. Minnesota Statutes 1998, section 232.21, is amended by adding a subdivision to read:

Subd. 14. [OPEN STORAGE.] "Open storage" means grain or agricultural products received by a warehouse operator from a depositor for which warehouse receipts have not been issued or a purchase made and the records documented accordingly.

Sec. 5. Minnesota Statutes 1998, section 232.23, subdivision 3, is amended to read:

Subd. 3. [GRAIN DELIVERED CONSIDERED SOLD STORED.] All grain delivered to a public grain warehouse operator shall be considered sold stored at the time of delivery, unless arrangements have been made with the public grain warehouse operator prior to or at the time of delivery to apply the grain on contract, for shipment or consignment or for storage cash sale. Grain may be held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued for all grain held in open storage within six months of delivery to the warehouse unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. The warehouse operator's tariff applies for any grain that is retained in open storage or under warehouse receipt.

Sec. 6. Minnesota Statutes 1998, section 232.23, subdivision 6, is amended to read:

Subd. 6. [LIABILITY.] A public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade, and net quantity of grain called for by the grain warehouse receipt: or scale ticket marked "store."

ARTICLE 9

AGRICULTURAL CHEMICALS

Section 1. Minnesota Statutes 1998, section 18B.07, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED PESTICIDE USE.] (a) A person may not use, store, handle, distribute, or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in a manner:

- (1) that is inconsistent with a label or labeling as defined by FIFRA;
 - (2) that endangers humans, damages agricultural products, food, livestock, fish, or wildlife, or domestic animals; or
 - (3) that will cause unreasonable adverse effects on the environment.
- (b) A person may not direct a pesticide onto property beyond the boundaries of the target site. A person may not apply a pesticide resulting in damage to adjacent property.
- (c) A person may not directly apply a pesticide on a human by overspray or target site spray.
- (d) A person may not apply a pesticide in a manner so as to expose a worker in an immediately adjacent, open field.

Sec. 2. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 7a. [CUSTOM BLEND FERTILIZER.] "Custom blend fertilizer" means a fertilizer blended according to the specifications that are furnished to a distributor by a consumer prior to blending.

Sec. 3. Minnesota Statutes 1998, section 18C.005, subdivision 34, is amended to read:

Subd. 34. [SPECIALTY FERTILIZER.] "Specialty fertilizer" means a fertilizer labeled and distributed for, but not limited to, the following uses: greenhouses, nurseries, home gardens, house plants, lawn fertilizer ~~that is not custom applied~~, shrubs, golf courses, municipal parks, and cemeteries.

Sec. 4. Minnesota Statutes 1998, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. [PACKAGED FERTILIZERS.] (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

- (1) the net weight;
- (2) the brand and grade, except the grade is not required if primary nutrients are not claimed;
- (3) the guaranteed analysis;
- (4) the name and address of the guarantor;
- (5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and
- (6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

- (1) the grade is not required if primary nutrients are not claimed; and
 - (2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.
- (c) The labeled information must appear:
- (1) on the front or back side of the container;
 - (2) on the upper one-third of the side of the container;
 - (3) on the upper end of the container; or
 - (4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 5. Minnesota Statutes 1998, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, MIXED, BULK, AND CUSTOM APPLIED FERTILIZER.] (a) A distributor who blends or mixes fertilizer or distributes fertilizer, for agricultural use, in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing:

- (1) the net weight and guaranteed analysis of each of the materials used in the mixture and the name and address of the guarantor; or
- (2) the net weight and guaranteed analysis of the final mixture and the name and address of the guarantor.

(b) A person may not custom apply specialty fertilizer in this state unless a label, invoice, or delivery ticket is given to each purchaser stating in a clear, legible, and conspicuous form the following information:

(1) the net weight, which may be listed as the total net weight applied or the net weight applied per unit treated;

(2) the guaranteed analysis;

(3) the name and address of the guarantor;

(4) the number of units treated in square feet, acres, or another unit of measure; and

(5) a derivative statement.

(c) Copies of invoices or delivery tickets must be kept for five years after the sale, delivery, or application.

Sec. 6. Minnesota Statutes 1998, section 18C.215, is amended by adding a subdivision to read:

Subd. 2a. [INFORMATION TO CUSTOMER.] If a person sells a custom blend specialty fertilizer in bulk, the information required in subdivision 1, paragraph (a), must be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 7. Minnesota Statutes 1998, section 18C.411, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] (a) A person may not sell brands or grades of specialty fertilizers, soil amendments, or plant amendments in this state unless they are registered with the commissioner.

(b) Registration of the materials is not a warranty by the commissioner or the state.

(c) Specialty fertilizers custom applied are exempt from the registration requirements of this section.

(d) Custom blend specialty fertilizers are exempt from the registration requirements of this section if the distributor is licensed as required by section 18C.415 and the fertilizer is labeled as required by section 18C.215.

Sec. 8. Minnesota Statutes 1998, section 18C.421, subdivision 1, is amended to read:

Subdivision 1. [SEMIANNUAL STATEMENT.] (a) Each licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state during the reporting period.

(b) Tonnage reports are not required to be filed with the commissioner from licensees who distributed fertilizer solely by custom application.

(c) A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.

(e) (d) The report is due on or before the last day of the month following the close of each reporting period of each calendar year.

(d) (e) The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.

Sec. 9. Minnesota Statutes 1998, section 18D.201, subdivision 3, is amended to read:

Subd. 3. [INSPECTION REQUESTS BY OTHERS.] (a) A person who believes that a violation of this chapter has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request. If the pesticide application is alleged to have damaged a crop or vegetation, the request for inspection must be submitted within 45 days of the date of the pesticide application.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

ARTICLE 10

FEEDLOT PERMITTING

Section 1. Minnesota Statutes 1999 Supplement, section 116.07, subdivision 7, is amended to read:

Subd. 7. [COUNTIES; PROCESSING OF APPLICATIONS FOR ANIMAL LOT PERMITS.] Any Minnesota county board may, by resolution, with approval of the pollution control agency, assume responsibility for processing applications for permits required by the pollution control agency under this section for livestock feedlots, poultry lots or other animal lots. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to any appropriate county officer or employee.

(a) For the purposes of this subdivision, the term "processing" includes:

(1) the distribution to applicants of forms provided by the pollution control agency;

(2) the receipt and examination of completed application forms, and the certification, in writing, to the pollution control agency either that the animal lot facility for which a permit is sought by an applicant will comply with applicable rules and standards, or, if the facility will not comply, the respects in which a variance would be required for the issuance of a permit; and

(3) rendering to applicants, upon request, assistance necessary for the proper completion of an application.

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the pollution control agency. The pollution control agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14. For permit applications filed after July 1, 2001, section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this subdivision.

(c) For the purpose of administration of rules adopted under this subdivision, the commissioner and the agency may provide exceptions for cases where the owner of a feedlot has specific written plans to close the feedlot within five years. These exceptions include waiving requirements for major capital improvements.

(d) For purposes of this subdivision, a discharge caused by an extraordinary natural event such as a precipitation event of greater magnitude than the 25-year, 24-hour event, tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

(e) In adopting and enforcing rules under this subdivision, the commissioner shall cooperate closely with other governmental agencies.

(f) The pollution control agency shall work with the Minnesota extension service, the department of agriculture, the board of water and soil resources, producer groups, local units of government, as well as with appropriate federal agencies such as the Natural Resources Conservation Service and the Farm Service Agency, to notify and educate producers of rules under this subdivision at the time the rules are being developed and adopted and at least every two years thereafter.

(g) The pollution control agency shall adopt rules governing the issuance and denial of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section. A feedlot permit is not required for livestock feedlots with more than ten but less than 50 animal units; provided they are not in shoreland areas. These rules apply both to permits issued by counties and to permits issued by the pollution control agency directly.

(h) The pollution control agency shall exercise supervising authority with respect to the processing of animal lot permit applications by a county.

(i) Any new rules or amendments to existing rules proposed under the authority granted in this subdivision, or to implement new fees on animal feedlots, must be submitted to the members of legislative policy and finance committees with jurisdiction over agriculture and the environment prior to final adoption. The rules must not become effective until 90 days after the proposed rules are submitted to the members.

(j) Until new rules are adopted that provide for plans for manure storage structures, any plans for a liquid manure storage structure must be prepared or approved by a registered professional engineer or a United States Department of Agriculture, Natural Resources Conservation Service employee.

(k) A county may adopt by ordinance standards for animal feedlots that are more stringent than standards in pollution control agency rules.

(l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot facility with 300 or more animal units, unless another public meeting has been held with regard to the feedlot facility to be permitted."

Delete the title and insert:

"A bill for an act relating to agriculture; making the farmer-lender mediation program permanent; providing for uniformity in meat and poultry inspection; updating certain food standards; simplifying certain language; changing the scope of the value-added agricultural product processing and marketing grant program; changing meeting provisions and duties of the board of grain standards; changing certain fees; changing certain requirements for handling eggs; changing eligibility and maximum loan amounts for certain rural finance authority loan programs; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; making technical changes to pesticide and fertilizer laws; providing feedlot permit timelines; changing definitions under the wholesale produce dealer act; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18.023, subdivision 3a; 18B.07, subdivision 2; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8, and by adding a subdivision; 27.19, subdivision 1; 29.23, subdivisions 2, 3, and 4; 29.26; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; and 232.23, subdivisions 3 and 6; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; and 116.07, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1998, section 583.21; Laws 1986, chapter 398, article 1, section 18, as amended."

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

Senator Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 3544: A bill for an act relating to capital improvements; removing authority of the governor to control the sale of state bonds and certificates of indebtedness; amending Minnesota Statutes 1998, sections 16A.642, subdivision 1; 16A.67, subdivision 1; and 16A.671, subdivisions 1 and 2; Laws 1984, chapter 597, section 22; Laws 1987, chapter 400, section 25, subdivisions 1 and 5; Laws 1989, chapter 300, article 1, section 23, subdivision 1; Laws 1990, chapter 610, article 1, section 30; Laws 1991, chapter 354, article 11, section 2, subdivision 1; Laws 1992, chapter 558, section 28; Laws 1994, chapter 639, article 3, section 5; Laws 1994, chapter 643, section 31; Laws 1995, First Special Session chapter 2, article 1, section 14; Laws 1996, chapter 463, section 27; Laws 1997, chapter 246, section 10; Laws 1998, chapter 404, section 27; Laws 1999, chapter 240, article 1, section 13; and Laws 1999, chapter 240, article 2, section 16.

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

Senator Flynn from the Committee on Transportation, to which was referred

H.F. No. 2502: A bill for an act relating to highways; designating Brainerd bypass as C. Elmer Anderson Memorial Highway; amending Minnesota Statutes 1998, section 161.14, subdivision 25, and by adding a subdivision.

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

Senator Flynn from the Committee on Transportation, to which was referred

H.F. No. 2824: A bill for an act relating to motor vehicles; providing for one or two license plates on collector and similar vehicles at the owner's discretion; amending Minnesota Statutes 1998, section 169.79.

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

Senator Flynn from the Committee on Transportation, to which was referred

H.F. No. 3156: A bill for an act relating to highways; designating trunk highway No. 390, and marked as interstate highway I-35, the 34th Infantry (Red Bull) Division Highway; amending Minnesota Statutes 1998, section 161.14, by adding a subdivision.

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

Senator Flynn from the Committee on Transportation, to which was referred

H.F. No. 3142: A bill for an act relating to highways; designating the Richard J. Mathiowetz Memorial Highway; amending Minnesota Statutes 1998, section 161.14, by adding a subdivision.

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

Senator Flynn from the Committee on Transportation, to which was referred

S.F. No. 3093: A bill for an act relating to bicycles; authorizing local units of government to require purchasers of impounded bicycles to register them as a condition of the sale; amending Minnesota Statutes 1998, section 168C.13, by adding a subdivision.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2893, 2634, 2761, 3297, 2828, 2894, 3455, 3108, 3223, 3544 and 3093 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 2502, 2824, 3156 and 3142 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Neuville moved that the name of Senator Marty be added as a co-author to S.F. No. 3160. The motion prevailed.

Senator Pogemiller moved that the name of Senator Kelley, S.P. be added as a co-author to S.F. No. 3782. The motion prevailed.

CALENDAR

S.F. No. 2691: A bill for an act relating to the State Building Code; transferring authority to develop the energy portions of the building code from the commissioner of public service to the commissioner of administration; amending Minnesota Statutes 1998, sections 16B.61, subdivision 6; 216C.20, subdivision 1; and 216C.27, subdivision 8; repealing Minnesota Statutes 1998, section 216C.195, subdivisions 2 and 3; Minnesota Statutes 1999 Supplement, sections 216C.19, subdivision 8; and 216C.195, subdivision 1.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Oliver	Sams
Belanger	Hottinger	Langseth	Olson	Samuelson
Berg	Johnson, D.E.	Larson	Ourada	Scheevel
Berglin	Johnson, D.H.	Lesewski	Pappas	Scheid
Betzold	Johnson, D.J.	Lessard	Pariseau	Spear
Day	Junge	Limmer	Piper	Stevens
Dille	Kelley, S.P.	Lourey	Pogemiller	Stumpf
Fischbach	Kelly, R.C.	Marty	Price	Terwilliger
Flynn	Kierlin	Metzen	Ranum	Vickerman
Foley	Kinkel	Murphy	Ring	Wiener
Frederickson	Kiscaden	Neuville	Robling	Wiger
Hanson	Kleis	Novak	Runbeck	Ziegler

So the bill passed and its title was agreed to.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Senator Oliver in the chair.

After some time spent therein, the committee arose, and Senator Spear reported that the committee had considered the following:

S.F. Nos. 3005, 3283, 3133, 2575, 2720, 2870, 3154, 3379, 2653, 3018, 3412, 2951, 2326, 3307, 2813, 3028, 3150, 3428, 1048, 3678, 3323, 3529 and H.F. No. 3236, which the committee recommends to pass.

S.F. No. 3330, which the committee recommends to pass with the following amendment offered by Senator Neuville:

Page 1, after line 19, insert:

"Section 1. Minnesota Statutes 1998, section 241.021, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE.] The commissioner of corrections shall provide professional health care to persons confined in institutions under the control of the commissioner of corrections and pay the costs of their care in hospitals and other medical facilities not under the control of the commissioner of corrections, including the secure treatment unit operated by the St. Paul - Ramsey Hospital. All reimbursements for these health care services shall be deposited in the general fund. The commissioner of corrections is authorized to contract with entities, including health care management companies, to provide health care to inmates. With respect to these contracts, these entities shall not be regulated as, or otherwise considered to be, health plan companies as defined in section 62Q.01, subdivision 4."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2514, which the committee recommends to pass with the following amendment offered by Senator Kinkel:

Page 1, line 7, delete everything after the period

Page 1, delete line 8

Page 1, line 9, delete everything before the headnote and before "On" insert:

"Until December 1, 2001,"

Page 1, line 10, delete "15" and insert "20"

Page 1, line 11, delete "45" and insert "50"

Amend the title as follows:

Page 1, line 2, before "daily" insert "temporary"

Page 1, line 3, delete the semicolon

Page 1, delete line 4

Page 1, line 5, delete everything before the period

The motion prevailed. So the amendment was adopted.

S.F. No. 3229, which the committee recommends to pass with the following amendment offered by Senator Robertson:

Page 7, lines 15 and 16, delete the new language

The motion prevailed. So the amendment was adopted.

S.F. No. 3354, which the committee recommends to pass with the following amendment offered by Senator Limmer:

Page 1, line 16, strike "five" and insert "ten"

Page 1, line 19, delete "five" and insert "ten"

The motion prevailed. So the amendment was adopted.

S.F. No. 2767, which the committee recommends to pass with the following amendment offered by Senator Samuelson:

Page 1, line 21, delete the comma and insert "; home care provider, as defined in section 144A.43, subdivision 4;"

Page 2, after line 21, insert:

"Sec. 2. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 62D.108, is repealed."

Page 2, line 22, delete "2" and insert "3"

Page 2, line 24, after the period, insert "Section 2 is effective January 1, 2001."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3554, which the committee recommends to pass with the following amendment offered by Senator Scheevel:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 268.03, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT.] The public policy underlying sections 268.03 to 268.23 is as follows: Economic insecurity due to involuntary unemployment is a serious threat to the well-being of the people of Minnesota. Involuntary unemployment is a subject of general interest and concern that requires appropriate action by the legislature to prevent its spread and to lighten its burdens. The public good and the well-being of the citizens of Minnesota will be promoted by providing, under the taxing powers of the state for the compulsory setting aside of reserves to be used for the benefit of payment of unemployment benefits to individuals unemployed through no fault of their own. ~~In recognition of its focus on providing Unemployment benefits are a temporary partial wage replacement to assist the unemployed worker to become reemployed.~~ This program will be known as ~~"reemployment compensation"~~ the "Minnesota unemployment insurance program."

Page 3, after line 1, insert:

"Sec. 4. [INSTRUCTIONS TO REVISOR.]

The revisor of statutes shall change the phrase listed in column A, or a similar phrase, to the phrase listed in column B, or a similar phrase, wherever it appears in Minnesota Statutes and Minnesota Rules.

<p><u>Column A</u> <u>reemployment compensation</u> <u>benefit laws</u> <u>reemployment compensation</u> <u>law</u> <u>reemployment compensation</u> <u>program</u> <u>reemployment compensation</u></p>	<p><u>Column B</u> <u>unemployment insurance</u> <u>program</u> <u>unemployment insurance</u> <u>program</u> <u>unemployment insurance</u> <u>program</u> <u>unemployment benefits</u></p>
---	---

The revisor of statutes shall change the phrase listed in column A, or a similar phrase, to the phrase listed in column B, or a similar phrase, wherever it appears in Minnesota Statutes, sections 268.03 to 268.23, and wherever it appears in Minnesota Rules.

Column A
reemployment compensation
judge
reemployment compensation
trust fund
reemployment compensation
benefits
minimum tax rate
federal economic security
law

Column B
unemployment law judge

unemployment insurance
program trust fund
unemployment benefits

base tax rate
federal unemployment
insurance program

The revisor of statutes shall change the term "benefit" to "unemployment benefit" wherever it appears in Minnesota Statutes, sections 268.03 to 268.23, except when "benefit" refers to "shared work benefit," "social security benefit," "disability benefit," "benefit year," "benefit account," or "fringe benefit."

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

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "instructing the revisor to change certain terms;"

Page 1, line 4, delete "section" and insert "sections 268.03, subdivision 1; and"

The motion prevailed. So the amendment was adopted.

S.F. No. 3161, which the committee recommends to pass with the following amendment offered by Senator Kiscaden:

Page 5, line 13, strike "the effective date of Laws"

Page 5, line 14, strike everything before the second comma and insert "July 1, 1997"

The motion prevailed. So the amendment was adopted.

S.F. No. 2946, which the committee recommends to pass with the following amendment offered by Senator Vickerman:

Page 2, after line 4, insert:

"Sec. 2. Minnesota Statutes 1999 Supplement, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] Except as provided in subdivisions 10 to 14, a person responsible for the product shall comply with the following requirements:

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

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

(c) For the purposes of this subdivision, the oxygenates listed in section 239.761, subdivision 6, paragraph (b), shall not be included in calculating the oxygen content of the gasoline.

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2956, which the committee recommends be re-referred to the Committee on Rules and Administration.

On motion of Senator Junge, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

Without objection, the Senate reverted to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees and Second Reading of Senate Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2485, 2346, 2692 and 2465.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 13, 2000

Mr. President:

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

S.F. No. 2569: A bill for an act relating to insurance; authorizing insurance coverage for vicarious liability for punitive and exemplary damages; regulating the terms of certain fraternal benefit society board members; amending Minnesota Statutes 1998, sections 60A.06, by adding a subdivision; and 64B.03.

Senate File No. 2569 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 13, 2000

Senator Scheid moved that the Senate do not concur in the amendments by the House to S.F. No. 2569, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2505, 2598, 3433, 3557, 3053, 3109, 3196, 3332, 1590, 3113, 3436, 2719, 3047, 3169, 2803, 2927, 3222, 2838, 3229, 3510, 3020, 3421 and 3766.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 13, 2000

FIRST READING OF HOUSE BILLS

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

H.F. No. 2505: A bill for an act relating to natural resources; modifying effective period of state park permits; amending Minnesota Statutes 1998, section 85.053, subdivisions 1 and 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2289, now on General Orders.

H.F. No. 2598: A bill for an act relating to education; allowing school districts to dispose of surplus school computers; amending Minnesota Statutes 1998, section 123B.52, by adding a subdivision.

Referred to the Committee on Children, Families and Learning.

H.F. No. 3433: A bill for an act relating to the St. Paul port authority; changing the powers and jurisdiction with respect to recreation facilities and recreation purposes; amending Minnesota Statutes 1998, section 469.084, subdivisions 1 and 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3292, now on the Calendar.

H.F. No. 3557: A bill for an act relating to appropriations; modifying certain state government provisions; amending Minnesota Statutes 1999 Supplement, section 16A.129, subdivision 3; Laws 1999, chapter 250, article 1, sections 11 and 14, subdivision 3; repealing Laws 1999, chapter 250, article 1, section 15, subdivision 4.

Referred to the Committee on Governmental Operations and Veterans.

H.F. No. 3053: bill for an act relating to motor vehicles; allowing collector vehicles to display a blue light as part of brake light; amending Minnesota Statutes 1999 Supplement, section 169.64, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2508.

H.F. No. 3109: A bill for an act relating to commerce; enacting the Uniform Electronic Transactions Act adopted by the National Conference of Commissioners on Uniform State Laws; proposing coding for new law as Minnesota Statutes, chapter 325L.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3699, now on General Orders.

H.F. No. 3196: A bill for an act relating to human services; allowing a nursing facility's employee pension benefit costs to be treated as PERA contributions; amending Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 28.

Referred to the Committee on Health and Family Security.

H.F. No. 3332: A bill for an act relating to agriculture; allowing the commissioner of agriculture to establish alternative term expiration dates for members of the dairy research and promotion council; amending Minnesota Statutes 1998, section 17.54, subdivisions 6 and 13.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3120, now on the Calendar.

H.F. No. 1590: A bill for an act relating to peace officers; clarifying warrant authority of alcohol and gambling agents; amending Minnesota Statutes 1998, section 626.11.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1952, now on General Orders.

H.F. No. 3113: A bill for an act relating to health occupations; permitting an additional pharmacy technician in a pharmacy if the technician is nationally certified; amending Minnesota Statutes 1999 Supplement, section 151.102, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3089, now on General Orders.

H.F. No. 3436: A bill for an act relating to education; ensuring input on board of teaching rules; providing for a report on the skills examination for teacher candidates; amending Minnesota Statutes 1998, section 122A.18, subdivision 2.

Referred to the Committee on Children, Families and Learning.

H.F. No. 2719: A bill for an act relating to insurance; auto; regulating rental vehicle coverages; amending Minnesota Statutes 1998, section 65B.49, subdivision 5a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2436, now on General Orders.

H.F. No. 3047: A bill for an act relating to real property; title insurance; modifying mortgage release certificate language to include assignment of rents and profits; amending Minnesota Statutes 1998, sections 507.401, subdivisions 1, 3, and 6; and 559.17, by adding a subdivision; repealing Minnesota Statutes 1998, section 507.401, subdivision 7.

Referred to the Committee on Judiciary.

H.F. No. 3169: A bill for an act relating to Dakota county; authorizing the county to appoint an additional member to its personnel board of appeals; amending Minnesota Statutes 1998, sections 383D.30, subdivision 1; and 383D.31.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3167, now on General Orders.

H.F. No. 2803: A bill for an act relating to courts; authorizing court reporters in certain judicial districts to organize under the Public Employment Labor Relations Act; amending Minnesota Statutes 1999 Supplement, sections 179A.03, subdivision 14; and 179A.101, subdivisions 1 and 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3119, now on General Orders.

H.F. No. 2927: A bill for an act relating to local government associations; authorizing group insurance protection for metropolitan intercounty association; amending Minnesota Statutes 1998, section 471.61, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2685, now on the Calendar.

H.F. No. 3222: A bill for an act relating to state government; modifying reporting requirements for health-related boards; changing membership requirements for the health professionals services program committee; authorizing a diversion program for health professionals; amending Minnesota Statutes 1998, sections 147.01, subdivision 4; 148B.04, subdivision 4; 148B.285, subdivision 3; 214.07; 214.10, subdivision 8; 214.31; and 214.32, subdivision 1; Minnesota Statutes 1999 Supplement, section 148.691, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 214.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3117, now on General Orders.

H.F. No. 2838: A bill for an act relating to game and fish; requiring a selection of 20 percent of moose licenses each year to be made from previously unsuccessful applicants; amending Minnesota Statutes 1998, section 97A.431, subdivision 4.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 3229: A bill for an act relating to Hennepin county; providing for payment of county obligations by electronic transfer or credit card; amending Minnesota Statutes 1998, section 383B.116, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 383B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2986, now on General Orders.

H.F. No. 3510: A bill for an act relating to game and fish; extending authorization to take two deer in certain counties; amending Laws 1993, chapter 273, section 1, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3378, now on General Orders.

H.F. No. 3020: A bill for an act relating to human services; modifying provisions in long-term care; amending Minnesota Statutes 1998, sections 256B.411, subdivision 2; and 256B.431, subdivisions 1, 3a, 10, 16, 18, 21, 22, and 25; Minnesota Statutes 1999 Supplement, sections 256B.0913, subdivision 5; 256B.431, subdivisions 17 and 26; and 256B.434, subdivisions 3 and 4; repealing Minnesota Statutes 1998, sections 256B.03, subdivision 2; 256B.431, subdivisions 2, 2a, 2f, 2h, 2m, 2p, 2q, 3, 3b, 3d, 3h, 3j, 4, 5, 7, 8, 9, 9a, 12, and 24; 256B.48, subdivision 9; 256B.50, subdivision 3; and 256B.74, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3199, now on General Orders.

H.F. No. 3421: A bill for an act relating to utilities; regulating an electric cooperative's election to be regulated; amending Minnesota Statutes 1998, section 216B.026, subdivisions 1 and 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2779, now on General Orders.

H.F. No. 3766: A bill for an act relating to pawnbrokers; requiring pawnbrokers who provide law enforcement agencies with electronic records of transactions to use a specified interchange file specification format; amending Minnesota Statutes 1998, section 325J.05.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3673, now on the Consent Calendar.

REPORTS OF COMMITTEES

Senator Junge moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 3658 and the reports pertaining to appointments. The motion prevailed.

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

S.F. No. 3439: A bill for an act relating to energy conservation; providing for replacement heating systems and related energy conservation measures in cities discontinuing district heating systems; proposing coding for new law in Minnesota Statutes, chapter 451.

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

Senators Piper, Pogemiller and Stumpf from the Committee on Children, Families and Learning, to which was referred

S.F. No. 3631: A bill for an act relating to children; appropriating money to support the Kids Capacity Initiative; requiring a report.

Report the same back with the recommendation that the bill do pass and be re-referred to the Committee on Health and Family Security. Report adopted.

Senators Piper, Pogemiller and Stumpf from the Committee on Children, Families and Learning, to which was referred

S.F. No. 2679: A bill for an act relating to education; repealing a provision relating to participation in Minnesota amateur sports commission exhibitions; repealing Minnesota Statutes 1999 Supplement, section 128C.02, subdivision 3a.

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

Senator Flynn from the Committee on Transportation, to which was referred

S.F. No. 2508: A bill for an act relating to motor vehicles; allowing collector vehicles to display a blue light as part of brake light; amending Minnesota Statutes 1999 Supplement, section 169.64, subdivision 4.

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

Page 1, delete lines 20 to 22 and insert:

"(d) A motor vehicle may display a blue light of up to one inch diameter as part of the vehicle's rear brake light if:

(1) the vehicle is a collector vehicle, as described in section 168.10; or

(2) the vehicle is eligible to display a collector plate under section 168.10.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, delete "collector" and insert "collector-type"

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

Senator Flynn from the Committee on Transportation, to which was referred

S.F. No. 3695: A bill for an act relating to metropolitan government; requiring metropolitan council to report on the future of the metro mobility transit system.

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

Page 1, line 11, after "options" insert ", alternatives,"

Page 1, line 13, delete the second "and"

Page 1, line 16, delete the period and insert "; and

(3) integration of private taxi services to provide a more efficient pick up and delivery system, and potential savings from doing so."

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

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 3626: A bill for an act relating to insurance; adjusting aspects of eligibility and coverage in the comprehensive health association; requiring a study of premium rates; amending Minnesota Statutes 1998, sections 62E.02, subdivision 13; 62E.08; 62E.13, subdivision 2; 62E.14, subdivision 1; 62E.15, by adding a subdivision; and 62E.18; Minnesota Statutes 1999 Supplement, section 62E.12.

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

Pages 1 and 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1998, section 62E.05, subdivision 2, is amended to read:

Subd. 2. [ANNUAL REPORT.] (a) All health plan companies, as defined in section 62Q.01,

shall annually report to the commissioner responsible for their regulation. The following information shall be reported to the appropriate commissioner on February 1 of each year:

(1) the number of individuals and groups who received coverage in the prior year through the qualified plans; and

(2) the number of individuals and groups who received coverage in the prior year through each of the unqualified plans sold by the company.

(b) The state of Minnesota or any of its departments, agencies, programs, instrumentalities, or political subdivisions, shall report in writing to the association and to the commissioner of commerce no later than September 15 of each year regarding the number of persons and the amount of premiums, deductibles, copayments, or coinsurance that it paid for on behalf of enrollees in the comprehensive health association. This report must contain only summary information and must not include any individually-identifiable data. The report must cover the 12-month period ending the preceding June 30."

Page 5, after line 34, insert:

"Sec. 3. Minnesota Statutes 1998, section 62E.10, is amended by adding a subdivision to read:

Subd. 10. [COST CONTAINMENT GOALS.] (a) By July 1, 2001, the association shall investigate managed care delivery systems, and if cost effective, enter into contracts with third-party entities as provided in section 62E.101.

(b) By July 1, 2001, the association shall establish a system to annually identify individuals insured by the Minnesota comprehensive health association who may be eligible for private health care coverage, medical assistance, state drug programs, or other state or federal programs and notify them about their eligibility for these programs.

(c) The association shall endeavor to reduce health care costs using additional methods consistent with effective patient care. At a minimum, by July 1, 2001, the association shall:

(1) develop a focused chronic disease management and case management program;

(2) develop a comprehensive program of preventive care; and

(3) implement a total drug formulary program.

Sec. 4. Minnesota Statutes 1998, section 62E.101, is amended to read:

62E.101 [MANAGED CARE DELIVERY METHOD.]

The association may form a preferred provider network or contract with an existing provider network, health maintenance organization, or nonprofit health service plan corporation to deliver the services and benefits provided for in the plans of health coverage offered. If the association does not contract with an existing provider network, health maintenance organization, or nonprofit health service plan corporation, the association may adopt a provider payment schedule and negotiate provider payment rates subject to the approval of the commissioner."

Page 9, line 5, after "legislature" insert "and the commissioner of commerce" and delete "February 1, 2001" and insert "November 15, 2000"

Page 9, line 9, after "of" insert ":

(1)"

Page 9, line 11, after "policyholders" insert ";

(2) the plan's annual out-of-pocket expense limitation"

Page 9, delete lines 13 and 14 and insert:

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "62E.02,"

Page 1, line 6, delete "subdivision 13" and insert "62E.05, subdivision 2" and after the second semicolon, insert "62E.10, by adding a subdivision; 62E.101;"

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

Senator Solon from the Committee on Commerce, to which was referred

S.F. No. 3020: A bill for an act relating to insurance; fire; regulating failure to provide timely proof of loss; amending Minnesota Statutes 1998, section 65A.01, by adding a subdivision; Minnesota Statutes 1999 Supplement, section 65A.01, subdivision 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 65A.01, is amended by adding a subdivision to read:

Subd. 7. [AMENDED OR EXTENDED PROOF OF LOSS.] The insurer shall allow the insured to amend or extend the 60-day proof of loss for good cause for an additional 60 days from notice."

Amend the title as follows:

Page 1, line 5, delete everything after "subdivision" and insert a period

Page 1, delete line 6

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

Senator Ranum from the Committee on Judiciary, to which was referred

S.F. No. 1733: A bill for an act relating to alcoholic beverages; imposing civil third-party liability for damages caused by intoxication of persons under age 21; prohibiting certain subrogation claims; proposing coding for new law in Minnesota Statutes, chapter 340A.

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

Delete everything after the enacting clause and insert:

"Section 1. [340A.803] [CIVIL ACTION; INTOXICATION OF PERSON UNDER AGE 21.]

Subdivision 1. [RIGHT OF ACTION.] (a) A spouse, child, parent, guardian, employer, or other person injured in person, property, or means of support, or who incurs other pecuniary loss by an intoxicated person or by the intoxication of another person under 21 years of age has for all damages sustained a right of action in the person's own name against a person who is 21 years or older who:

(1) had control over the premises where alcoholic beverages were sold, bartered, furnished or given to, or purchased for a person under the age of 21 years and, being in a reasonable position to prevent the consumption of alcoholic beverages by that person, knowingly or recklessly permitted that consumption and the consumption caused the intoxication of that person; or

(2) sold, bartered, furnished or gave to, or purchased for a person under the age of 21 years alcoholic beverages that caused the intoxication of that person.

This paragraph does not apply to sales licensed under chapter 340A.

(b) All damages recovered by a minor under this section must be paid either to the minor or to the minor's parent, guardian, or next friend as the court directs.

(c) An intoxicated person under the age of 21 years who caused the injury has no right of action under this section.

Subd. 2. [SUBROGATION CLAIMS DENIED.] There shall be no recovery by any insurance company for any subrogation claim pursuant to any subrogation clause of the uninsured, underinsured, collision, or other first-party coverages of a motor vehicle insurance policy as a result of payments made by the company to persons who have claims that arise in whole or in part under this section."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; imposing civil third-party liability for damages caused by intoxication of persons under age 21; prohibiting certain subrogation claims; proposing coding for new law in Minnesota Statutes, chapter 340A."

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 2396: A bill for an act relating to crime prevention; making numerous changes to the predatory offender registration law including lengthening the registration period for certain offenders, requiring additional offenders to register, requiring that additional information be reported, authorizing disclosure of information about offenders out of compliance with the law, applying the law retroactively to certain offenders, and increasing the criminal penalty for predatory offenders who fail to comply with the law and imposing a mandatory minimum prison sentence on those offenders; requiring the bureau of criminal apprehension to maintain a computerized database for predatory offenders; expanding and clarifying the scope of the community notification law; requiring that certain information regarding level III predatory offenders be posted on the Internet; placing restrictions on persons with pending felony charges or convictions who are seeking name changes; clarifying that harassment crimes prohibit harassment by electronic means; modifying the expungement law; expanding the solicitation of a child to engage in sexual conduct crime; authorizing the prosecution of certain sex offenses in the jurisdiction where they originate or terminate; eliminating the statute of limitations for certain offenses; requiring a report to the legislature; imposing criminal penalties; appropriating money; amending Minnesota Statutes 1998, sections 243.166, subdivisions 3, 5, 7, and by adding subdivisions; 244.052, as amended; 244.10, subdivision 2a; 259.11; 517.08, subdivisions 1a and 1b; 518.27; 609.352, subdivisions 1 and 2; 609.749, subdivision 2; 609.795, subdivision 1; 609A.03; and 628.26; Minnesota Statutes 1999 Supplement, section 243.166, subdivisions 1, 2, 4, and 6; proposing coding for new law in Minnesota Statutes, chapters 259; 299C; and 609.

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

Page 10, line 35, before the period, insert "for 30 days or longer for failure to provide the address of the offenders' primary or secondary residences"

Page 11, line 11, delete "appropriate" and insert "the offender has complied with the requirement that the offender provide the addresses of the offender's primary and secondary residences"

Page 11, delete lines 17 to 24 and insert "challenge the data under section 13.04, subdivision 4."

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 2655: A bill for an act relating to taxation; recodifying insurance tax laws; providing for civil and criminal penalties; appropriating money; amending Minnesota Statutes 1998, sections 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 176A.08; 290.35, subdivisions 2, 3, and 6; 295.58; and 424.165; Minnesota Statutes 1999 Supplement, sections 43A.23, subdivision 1; and 60A.19, subdivision 6; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; and 299F.26; Minnesota Rules, part 2765.1500, subpart 6.

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

Page 2, line 19, after "consideration" insert a comma and after "interests" delete the comma

Page 2, line 30, after "title" insert a comma and after "escrow" insert a comma

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

Senator Ranum from the Committee on Judiciary, to which was re-referred

S.F. No. 3658: A bill for an act relating to health; specifying the circumstances under which information held by health maintenance organizations may be disclosed; amending Minnesota Statutes 1998, sections 62D.14, by adding a subdivision; and 72A.491, subdivision 17; Minnesota Statutes 1999 Supplement, section 13.99, subdivision 19; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1998, section 62D.14, subdivision 4.

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

Page 1, line 23, delete "or nonpublic data"

Page 2, line 23, delete the second "or"

Page 2, line 24, before the period, insert "; or

(6) to meet the requirements of contracts for prepaid medical services with the commissioner of human services authorized under chapter 256B, 256D, or 256L"

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

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

Senator Ranum from the Committee on Judiciary, to which was referred

S.F. No. 3410: A bill for an act relating to child protection; repealing certain unfunded county mandates; amending Minnesota Statutes 1999 Supplement, section 626.556, subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 4, clause (5);

(8) that the ~~parent or other person responsible for the care of the child~~ has been exposed to domestic violence because:

(i) ~~a parent or other person responsible for the care of the child engages in violent behavior that demonstrates a disregard for the well-being of the child as indicated by action that could reasonably result in serious physical, mental, or threatened injury, or emotional damage to the child imminently or seriously endangers the child's physical or mental health;~~

(ii) a parent or other person responsible for the care of the child engages in repeated domestic assault that would constitute a violation of section 609.2242, subdivision 2 or 4; or

(iii) ~~intentionally inflicts or attempts to inflict bodily harm against a family or household member, as defined in section 518B.01, subdivision 2, that is within sight or sound of the child; or~~

~~(iv) subjects the child to ongoing has witnessed repeated incidents of domestic violence by the abuser in the home environment that is likely to have a detrimental effect on the well-being of the child as defined in section 518B.01;~~

(9) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(10) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(d) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

(2) striking a child with a closed fist;

(3) shaking a child under age three;

(4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;

(5) unreasonable interference with a child's breathing;

(6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

(7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances; or

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for

the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and visitation expeditor services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury.

(m) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates, which are not injurious to the child's health, welfare, and safety.

Sec. 2. Minnesota Statutes 1998, section 626.556, is amended by adding a subdivision to read:

Subd. 2a. [CHILD EXPOSED TO DOMESTIC VIOLENCE.] (a) In determining the protective action to take and the services to be offered to the child and family if the child has been exposed to domestic violence under subdivision 2, paragraph (c), clause (8), the local welfare agency shall consider the safety and well-being of the child and the safety of a parent who is a victim of domestic violence. In determining whether there is a need for child protective services, the local welfare agency shall take into account the presence of protective factors in the child's environment. These factors include, but are not limited to:

(1) whether the child is or has been the victim of physical abuse, sexual abuse, or neglect as defined in section 626.556, subdivision 2;

(2) the age of the child;

(3) the length of time since an incident of being exposed to domestic violence;

(4) the child's relationship to the parent and the perpetrator of domestic violence; and

(5) whether steps are being or have been taken to exclude the abuser from the home of the child or whether the adult victim has sought protective services such as shelter, counseling or advocacy services, legal recourse, or other remedies.

(b) Upon receipt of a report alleging that a child has witnessed or been exposed to domestic violence, the local welfare agency shall conduct either a family assessment under section 626.5551 or an investigation under section 626.556, as determined appropriate by the agency.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective for maltreatment occurring on or after July 1, 2001. Until July 1, 2001, maltreatment reports involving children exposed to domestic violence or witnessing domestic violence are governed by Minnesota Statutes, section 626.556, subdivision 2, paragraph (c), clauses (1), (2), and (3); (d); or (l), as determined appropriate by the local welfare agency."

Delete the title and insert:

"A bill for an act relating to child protection; modifying provisions relating to child neglect and domestic violence; amending Minnesota Statutes 1998, section 626.556, by adding a subdivision; Minnesota Statutes 1999 Supplement, section 626.556, subdivision 2."

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

Senator Hottinger from the Committee on Health and Family Security, to which was referred

S.F. No. 2865: A bill for an act relating to homeless and runaway youth; requiring the commissioner of human services to establish and support a comprehensive initiative for homeless youth, youth at risk of homelessness, and runaways to the extent that funding is provided; providing for street outreach, drop-in services, basic center shelter, and transitional living programs; proposing coding for new law as Minnesota Statutes, chapter 257B.

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

Page 1, delete section 1

Page 1, line 24, delete "257B.03" and insert "257B.01"

Page 2, line 35, delete "257B.04" and insert "257B.02"

Page 3, line 10, delete "257B.05 to 257B.08" and insert "257B.03 to 257B.06"

Page 3, line 14, delete "257B.05" and insert "257B.03"

Page 3, line 30, delete "257B.06" and insert "257B.04"

Page 4, line 15, delete "257B.07" and insert "257B.05"

Page 5, line 17, delete "257B.08" and insert "257B.06"

Renumber the sections in sequence

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

Senators Piper, Pogemiller and Stumpf from the Committee on Children, Families and Learning, to which was referred

S.F. No. 3464: A bill for an act relating to children; proposing an amendment to the Minnesota Constitution by adding a new article XV, and by renumbering certain sections; creating a children's development fund; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 119C.

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

Delete everything after the enacting clause and insert:

"Section 1. [CONSTITUTIONAL AMENDMENT.]

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a new article XV consisting of renumbered sections and a new section shall be added to read:

ARTICLE XV

EDUCATION

Section 1. [Article XIII, section 1, renumbered]

Sec. 2. [Article XIII, section 2, renumbered]

Sec. 3. [Article XIII, section 3, renumbered]

Sec. 4. The establishment of a moral and just society is enhanced when young children can develop to their full potential. Therefore, the state of Minnesota creates a permanent endowment fund to assist in the physical, emotional, moral, intellectual, and healthy development of children through the age of eight years.

The children's development fund consists of the proceeds of the annual payments of the settlement of the tobacco lawsuit styled as State v. Philip Morris Inc., No. C1-94-8565 (Minnesota District Court, Second Judicial District), received by the state on or after July 1, 2001. The assets of the fund must be appropriated by law for purposes that enhance the development of children through age eight years. The amount appropriated for each year of a biennium, commencing on July 1 in each odd-numbered year and ending on and including June 30 in the next odd-numbered year, may be up to the following percentages of the market value of the fund on June 30 one year before the start of the biennium: 15 percent for fiscal years ending before July 1, 2006, and 5.5 percent for fiscal years ending after July 1, 2006, plus 100 percent of any tobacco settlement proceeds received after that date.

Sec. 5. [Article XI, section 8, renumbered]

Sec. 6. [Article XI, section 9, renumbered]

Sec. 2. [SCHEDULE AND QUESTION.]

The amendment shall be submitted to the people at the 2000 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to create a children's development fund with funds dedicated from the annual proceeds of the Minnesota tobacco lawsuit?

Yes.....
No....."

Sec. 3. [119C.01] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 119C.01 to 119C.05.

Subd. 2. [DEVELOPMENT FUND.] "Development fund" means the children's development fund established in the Minnesota Constitution, article XV, section 4.

Subd. 3. [YOUNG CHILDREN.] "Young children" means children through the age of eight years.

Sec. 4. [119C.02] [DEVELOPMENT FUND NOT TO SUPPLANT EXISTING FUNDING.]

The development fund may not be used as a substitute for traditional sources of funding activities for young children and their parents or activities designed to prevent youth from smoking, but the development fund must be used to supplement traditional sources, including sources used to support the activities in section 119C.03.

Sec. 5. [119C.03] [DEVELOPMENT FUND EXPENDITURES.]

Money in the development fund may be spent as appropriated by law to:

(1) collect, analyze, and distribute to communities and families information that enhances the development of young children;

(2) enhance the early care and childhood development system;

(3) enhance public education, awareness, and understanding necessary to promote and encourage activities and decisions that protect and stimulate young children's development;

(4) improve the lives and health of young children by reducing their incidence of and exposure to smoking;

(5) improve academic and social outcomes for young children so that they will be prepared to reach their highest academic potential;

(6) supplement funding to projects that have demonstrated successful outcomes in improving

and enhancing the development of young children or in reducing the incidence of and exposure to smoking; and

(7) pay administrative and investment expenses incurred by the state board of investment in investing assets of the development fund.

Sec. 6. [119C.031] [EARLY CARE AND CHILDHOOD INTEGRATION PILOT PROGRAM.]

A pilot program for integration of the early care and childhood development system according to section 119C.03, shall begin in year 2002 with pilot sites in at least one urban county, one suburban county, one rural county, and one tribal reservation. The pilot program shall be considered for statewide expansion in year 2004. This section expires on July 1, 2005.

Sec. 7. [119C.05] [ROYALTIES; COPYRIGHTS; PATENTS.]

This section applies to projects supported by the development fund. The development fund owns and must take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the fund equal to the percentage of the project's total funding provided by the fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the development fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the development fund.

Sec. 8. [EFFECTIVE DATE.]

Sections 3 to 7 are effective the day after the constitutional amendment proposed in sections 1 and 2 is adopted."

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

Senator Sams from the Committee on Agriculture and Rural Development, to which was re-referred

S.F. No. 720: A bill for an act relating to natural resources; permitting the hunting of farmed cervidae on licensed shooting preserves; amending Minnesota Statutes 1998, sections 17.451, subdivision 2; and 17.452, subdivisions 5 and 8; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 17.451, subdivision 2, is amended to read:

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of shooting, harvesting, producing fiber, meat, or animal by-products, as pets, or as breeding stock; and

(2) registered in a manner approved by the board of animal health.

Sec. 2. Minnesota Statutes 1998, section 17.452, subdivision 5, is amended to read:

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit, which may include the sale of farmed cervidae to a person for personal consumption. Personal consumption may include the harvesting of farmed cervidae by firearms or archery on a licensed shooting preserve.

Sec. 3. Minnesota Statutes 1998, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae that are to be sold for commercial meat purposes must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Sec. 4. [17.4521] [ELK SHOOTING PRESERVES.]

Subdivision 1. [FEES FOR SHOOTING PRESERVES.] (a) The fee for an elk shooting preserve license is \$900 annually and is deposited in the game and fish fund.

(b) Shooting preserve licenses issued under this subdivision expire on the last day of March.

Subd. 2. [SHOOTING PRESERVE APPLICATION.] The commissioner may license up to ten elk shooting preserves in the state. An application for an elk shooting preserve license must be filed with the commissioner. The application must include a legal description of the shooting preserve land, number of acres, species to be harvested, and other necessary information prescribed by the commissioner.

Subd. 3. [GAME AVAILABLE.] Game that may be released and harvested in a licensed elk shooting preserve must be specified in the license and are limited to species raised as farmed elk under sections 17.451 and 17.452. Only farmed elk from herds in the accredited program of the board of animal health may be transported to and released in a licensed elk shooting preserve.

Subd. 4. [LOCATION; SIZE OF PRESERVE.] A shooting preserve must be separated from any farmed elk breeding pens or pastures. A shooting preserve must be contiguous and contain at least 320 acres but no more than 960 acres, including any water area, and must have areas of cover to provide for concealment of the elk sufficient to prevent the elk from being visible in all parts of the preserve at one time and must afford elk the chance of escape from pursuit by patrons of the shooting preserve.

Subd. 5. [POSTING OF BOUNDARIES.] The boundaries of a shooting preserve must be clearly posted in a manner prescribed by the commissioner. The operator must post signs around the entire perimeter of the preserve at intervals not to exceed 500 feet.

Subd. 6. [FENCING AND ENCLOSURES.] All perimeter fencing must be paid for and maintained by the licensee and comply with farmed elk requirements in section 17.452.

Subd. 7. [REMOVAL OF ALL WILD CERVIDAE.] To the extent practicable, all wild cervidae must be removed from the shooting preserve property at the owner's expense prior to final issuance of the shooting preserve license. After the owner's removal efforts are completed, the commissioner shall determine the number and type of wild cervidae remaining on the shooting preserve property. The shooting preserve operator shall pay the restitution value, adopted under section 97A.345, for each wild cervidae remaining on the shooting preserve property. Money received under this subdivision shall be credited to the game and fish fund.

Subd. 8. [REVOCATION OF LICENSE.] The commissioner may revoke a shooting preserve license if the licensee or persons authorized to harvest in the shooting preserve have been convicted of a violation under this section. After revocation, a new license may be issued at the discretion of the commissioner.

Subd. 9. [HUNTING LICENSE NOT REQUIRED.] A hunting license is not required to harvest authorized species of elk on a licensed shooting preserve.

Subd. 10. [SEASON.] (a) The open season for harvesting in a shooting preserve is August 15 through March 31.

(b) The commissioner may restrict the open season after receiving a complaint, holding a public hearing, and finding that the population of a particular species of wild elk is harmed by harvesting in the shooting preserve.

Subd. 11. [WEAPONS LIMITATIONS.] A person may harvest farmed elk on a shooting preserve by archery or firearms authorized by law to take wild elk in the same area.

Subd. 12. [LICENSEE MAY ESTABLISH RESTRICTIONS.] A shooting preserve licensee is responsible for determining who is allowed to harvest in the preserve. In each preserve, the licensee may establish the charge for harvesting elk, the shooting hours, the season, weapon limitations, and restrictions on the age, sex, and number of each species that may be harvested by the hunter. These provisions may not conflict with this section and may not be less restrictive than any rule.

Subd. 13. [IDENTIFICATION AND MARKING OF ELK.] All elk must be identified by permanent tattoo, electronic implant, or other means of identification that comply with section 17.452.

Subd. 14. [MARKING HARVESTED ELK.] Harvested elk must be marked in accordance with or identified by the shooting preserve operator in a manner prescribed by the commissioner. The commissioner may issue the tags or other markings at a cost not to exceed \$2 each. The marking must remain attached on the elk while the elk is transported.

Subd. 15. [RECORDKEEPING.] A shooting preserve must maintain a registration book listing the names, addresses, and hunting license numbers, if applicable, of all patrons of the shooting preserve, the date when they harvested, the amount and species of elk taken, and the tag numbers or other markings affixed to each animal. A shooting preserve must keep records of the number of each species raised and purchased and the date and number of each species released. An annual report shall be made to the commissioner by the date herd registration is required. The records must be open to inspection by the commissioner at all reasonable times.

Subd. 16. [ELK DEFINITION.] For the purposes of this section the term "elk" includes red deer."

Delete the title and insert:

"A bill for an act relating to natural resources; permitting the harvesting of farmed cervidae on licensed shooting preserves; amending Minnesota Statutes 1998, sections 17.451, subdivision 2; and 17.452, subdivisions 5 and 8; proposing coding for new law in Minnesota Statutes, chapter 17."

And when so amended the bill be re-referred to the Committee on State Government Finance without recommendation. Amendments adopted. Report adopted.

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

S.F. No. 3443: A bill for an act relating to agriculture; amending feedlot permit provisions; providing specific requirements for feedlot permit rules; amending Minnesota Statutes 1998, sections 116.06, by adding a subdivision; 116.07, subdivision 7c, and by adding a subdivision; and 116.0713; Minnesota Statutes 1999 Supplement, section 116.07, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 18B; and 18C.

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

Page 2, line 4, delete "responsible agencies" and insert "commissioner"

Page 2, line 35, delete the first comma and insert "or" and delete ", or pasture"

Page 4, line 29, delete "July" and insert "October"

Page 6, line 22, after "(o)" insert "Unless the upgrade is needed to correct an immediate public health threat under section 145A.04, subdivision 8," and after "operator" insert ":

(1) to spend more than \$3,000"

Page 6, line 23, delete "500" and insert "300" and delete "for"

Page 6, line 24, delete "a total cost of more than \$3,000,"

Page 6, line 26, before the period, insert " or

(2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade or \$50,000, whichever is less"

Page 8, line 31, delete "or" and insert "and which feedlots are required to apply for and obtain"

Pages 8 and 9, delete section 6

Page 10, line 2, delete "such" and insert "the"

Page 10, line 11, delete ", trespassers,"

Page 10, line 14, before the period, insert ", or trespassers"

Page 10, line 17, after "the" insert "hydrogen sulfide"

Page 10, after line 17, insert:

"Sec. 7. Minnesota Statutes 1998, section 116.072, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE PENALTY ORDERS.] (a) The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of this chapter and chapters 114C, 115, 115A, 115D, and 115E, any rules adopted under those chapters, and any standards, limitations, or conditions established in an agency permit; and for failure to respond to a request for information under section 115B.17, subdivision 3. The order must be issued as provided in this section.

(b) A county board may adopt an ordinance containing procedures for the issuance of administrative penalty orders and may issue orders beginning August 1, 1996. Before adopting ordinances, counties shall work cooperatively with the agency to develop an implementation plan for the orders that substantially conforms to a model ordinance developed by the counties and the agency. After adopting the ordinance, the county board may issue orders requiring violations to be corrected and administratively assessing monetary penalties for violations of county ordinances adopted under section 400.16, 400.161, or 473.811 or chapter 115A that regulate solid and hazardous waste and any standards, limitations, or conditions established in a county license issued pursuant to these ordinances. For violations of ordinances relating to hazardous waste, a county's penalty authority is described in subdivisions 2 to 5. For violations of ordinances relating to solid waste, a county's penalty authority is described in subdivision 5a. Subdivisions 6 to 11 apply to violations of ordinances relating to both solid and hazardous waste.

(c) Monetary penalties collected by a county must be used to manage solid and hazardous waste. A county board's authority is limited to violations described in paragraph (b). Its authority to issue orders under this section expires August 1, ~~1999~~ 2005.

Sec. 8. Minnesota Statutes 1999 Supplement, section 116.072, subdivision 13, is amended to read:

Subd. 13. [FEEDLOT ADMINISTRATIVE PENALTY ORDERS.] (a) Prior to the commissioner or a county board proposing an administrative penalty order to a feedlot operator for a violation of feedlot laws or rules, the agency or county board staff who will determine if a penalty is appropriate and who will determine the size of the penalty shall offer to meet with the feedlot operator to discuss the violation, and to allow the feedlot operator to present any information that may affect any agency or county board decisions on the administrative penalty order.

(b) Notwithstanding subdivision 5, for serious feedlot law or rule violations for which an administrative penalty order is issued under this section, not less than 75 percent of the penalty may ~~may~~ be forgiven if:

(1) the abated penalty is used for approved measures to mitigate the violation for which the administrative penalty order was issued or for environmental improvements to the farm; and

(2) the commissioner determines that the violation has been corrected or that appropriate steps are being taken to correct the action."

Page 10, line 31, before "manure" insert "the inclusion in the animal unit definition of"

Page 10, line 32, delete "from the animal unit definition" and insert "who accepts manure from another party"

Page 12, line 5, delete "an extension of"

Page 12, delete line 6

Page 12, line 7, delete everything before the semicolon and insert "for 365 days"

Page 12, line 34, delete "9" and insert "10"

Page 13, after line 15, insert:

"Sec. 13. [PRIVATE MANURE APPLICATOR EDUCATION AND TRAINING PLAN.]

(a) The commissioner of agriculture shall study and develop a plan, in conjunction with the University of Minnesota extension service, for innovative educational and training programs addressing manure applicator concerns, including water quality protection and the development of manure management plans.

(b) The commissioner shall appoint educational planning committees, which must include representatives of industry.

(c) Specific current regulatory concerns must be discussed and, if appropriate, incorporated into the plan.

(d) The commissioner may consider programs from private industry and nonprofit organizations that meet minimum requirements for education, training, and certification.

(e) The commissioner shall report to the house and senate agriculture policy and funding committees by January 30, 2001, with recommendations for training, examination, certification, and costs of a private applicator manure certification program."

Page 13, line 17, delete "11" and insert "13"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "extending administrative penalty authority for counties; allowing alternative uses for feedlot administrative penalty orders;"

Page 1, line 6, delete ", and by adding a subdivision"

Page 1, line 7, delete "and" and after the semicolon, insert "and 116.072, subdivision 1;"

Page 1, line 8, delete "section" and insert "sections" and after the semicolon, insert "and 116.072, subdivision 13;"

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

Senator Johnson, D.J. from the Committee on Taxes, to which was re-referred

S.F. No. 2950: A bill for an act relating to natural resources; modifying certain licensing fees;

dedicating the in lieu of sales tax receipts on lottery tickets for natural resource purposes; appropriating money; amending Minnesota Statutes 1998, sections 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; and 297A.44, subdivision 1.

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

Page 5, line 21, delete "with" and insert "as follows"

Page 5, delete lines 22 to 33 and insert:

"(1) 50 percent of the receipts must be deposited in a game and fish enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect game and fish resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the revenue must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo."

Page 6, line 4, after the period, insert "At least 95 percent of the money deposited in the game and fish fund for improvement or enhancement of fish and wildlife resources under this paragraph must be allocated for expenditures in regional and local area offices."

Page 6, line 22, delete "and 12"

Page 6, line 23, delete "Section 11 is" and insert "Sections 11 and 12 are"

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

Senator Vickerman from the Committee on Local and Metropolitan Government, to which were referred the following appointments as reported in the Journal for February 1, 2000:

GAMBLING CONTROL BOARD

Dennis Flaherty

Irving Olsen

Reports the same back with the recommendation that the appointments be confirmed.

Senator Junge moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Vickerman from the Committee on Local and Metropolitan Government, to which were referred the following appointments as reported in the Journal for February 3, 2000:

GAMBLING CONTROL BOARD

Howard Register

METROPOLITAN COUNCIL

John Conzemius

Caren Dewar

Natalie Haas Steffen
 Marc Hugunin
 Carol Kummer
 James Nelson
 Todd Paulson
 Fred Perez
 Matthew Ramadan
 Phillip Riveness
 Carolyn Rodriguez
 Julius Smith
 Mary Smith
 Sandra Spigner
 Roger Williams
 Lee Pao Xiong

Reports the same back with the recommendation that the appointments be confirmed.

Senator Junge moved that the foregoing committee report be laid on the table. The motion prevailed.

Senator Vickerman from the Committee on Local and Metropolitan Government, to which were referred the following appointments as reported in the Journal for March 8, 2000:

MINNESOTA RACING COMMISSION

Thomas Brownell
 Barbara Halper
 Camille McArdle
 Arnold Palmer

Reports the same back with the recommendation that the appointments be confirmed.

Senator Junge moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. Nos. 3439, 2679, 2508, 3695, 3626, 3020, 1733, 2655 and 2865 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Senator Marty introduced--

S.F. No. 3785: A bill for an act relating to integrity and fairness in medical examinations; regulating certain medical examinations; amending Minnesota Statutes 1998, sections 65B.56, subdivision 1; 176.136, subdivision 1c; and 176.155, subdivision 1, and by adding a subdivision.

Referred to the Committee on Commerce.

Senators Hottinger and Flynn introduced--

S.F. No. 3786: A bill for an act relating to taxation; income tax; providing a dependent exemption and increasing the working family credit; amending Minnesota Statutes 1999 Supplement, sections 290.01, subdivision 19b; and 290.0671, subdivision 1.

Referred to the Committee on Taxes.

Senators Kelley, S.P.; Hottinger; Neuville and Robling introduced--

S.F. No. 3787: A bill for an act relating to taxation; income taxes; providing a personal and dependent exemption and a refundable child credit; amending Minnesota Statutes 1999 Supplement, section 290.01, subdivision 19b; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

Senators Runbeck and Oliver introduced--

S.F. No. 3788: A bill for an act relating to taxation; providing that contributions to and interest earned on certain educational savings plan accounts are exempt from income taxes; amending Minnesota Statutes 1999 Supplement, section 290.01, subdivision 19b; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Children, Families and Learning.

MEMBERS EXCUSED

Senator Moe, R.D. was excused from the Session of today. Senators Janezich and Robertson were excused from the Session of today from 9:00 to 9:25 a.m. Senators Cohen and Knutson were excused from the Session of today from 9:00 to 9:35 a.m. Senator Laidig was excused from the Session of today from 9:00 to 10:45 a.m. Senator Johnson, D.E. was excused from the Session of today from 10:45 a.m. to 12:00 noon.

ADJOURNMENT

Senator Junge moved that the Senate do now adjourn until 9:00 a.m., Wednesday, March 15, 2000. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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